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FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,149 · Tuesday April 22 1980 · ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 35; SPAIN Pts 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

VAUGHAN ASSOCIATES LIMITED AT MACH 80 · Hall 5 Stand · International Machine Tool Exhibition NEC Birmingham 22 April-2 May 1980

NEWS SUMMARY

GENERAL

AUEW Right gains control

Right wingers yesterday gained control of the engineering union's (AUEW) policy-making national committee, marking a significant shift over the past year.

The committee had been split 26—26 between left and right, but in voting yesterday right-wing delegates had a 29—23 majority.

The shift could decisively swing the union's attitude to Labour Party reform. Last year the left wing cast the unions block vote at the party conference in favour of the mandatory reselection of MPs. Back Page

School bus crash

Two children were killed and 15 injured outside a Manchester school when a five-ton articulated lorry collided with a school bus.

Knife attack

Worshippers fled as a man brandishing a knife burst into the House of Commons 16th-century parish church of St. Margaret's, and slashed at the altar. A man was later helping police with inquiries.

Mugabe amnesty

Zimbabwe Cabinet granted an amnesty to some 9,000 prisoners whose offences—including convictions under the National Service Act—were not covered by Lord Soames' earlier amnesty.

China warning

Chinese Premier Hua Guofeng said in Peking, China may again take military action against Vietnam, which, he said, had massed 60,000 troops along its border and provided military bases for Russia.

Tito 'very grave'

President Tito was "exceptionally grave" and his life in danger, his doctors said in their most pessimistic bulletin since the 87 year old leader entered hospital in January.

Almost home

Round-the-world lone yachtsman David Scott-Cowper, now just 160 miles south west of Cornwall, hopes to reach Plymouth on Wednesday and shatter by 23 days the existing 272-day record.

President resigns

South Yemen President Abdel Fattah Ismail has resigned in what is believed to be a power struggle with Prime Minister Ali Nasser Mohammed, who succeeds him. Page 3

Bush setback

Republican George Bush suffered a setback to his White House hopes in today's Pennsylvania primary when Senate Republican leader Howard Baker, who has dropped out of the race, endorsed Mr. Ronald Reagan. Page 2

Briefly . . .

Lord Kagan's son, Michael George Kagan, 28, was sent for trial by Leeds magistrates on 16 charges involving theft, false accounting and currency offences. Charges against Lord Kagan were adjourned.

Independent Television is to apply for the breakfast television franchise for 1982.

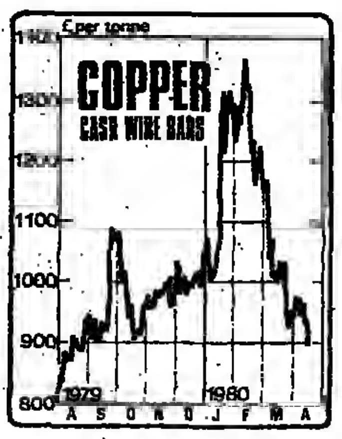
PUBLISHER'S NOTICE

The Financial Times apologises for errors contained in this issue which are due to difficulties in the reading department.

BUSINESS

Gold off $15; Sterling up 1.3c

● GOLD lost $15 in quiet trading to close at $497.50. Page 25



● COPPER prices fell to the lowest level since August on the London Metal Exchange. Cash wirebars lost £33.25 to close at £897.75 a tonne. Page 27

● STERLING was firmer, closing at $2.2330, a rise of 1.3c. Its trade-weighted index was 73.2 (73). Page 25

● DOLLAR was weaker overall but recovered to close at DM 1.8510 (DM 1.8550) and firmed against the yen to Y250.1 (Y249). It trade weighted index was 88.7 (88.5). Page 25

● GILTS: Funds continued to flow in and longer dated stocks made steady progress. The Government Securities Index closed 0.32 up at 67. Page 28

● EQUITIES: Leading shares opened a shade higher, but lost on lack of support. The FT 30-share index closed down 1.6 at 441.1. Page 28

● WALL STREET was down 1.2 at 762.2 before the close. Page 26

● CODE OF CONDUCT supported by the Confederation of British Industry is being ignored by most British companies operating multinationally. Page 13

● MOTOR INDUSTRY in Europe must defend itself against cheap imports, said Sir Barrie Heath, president of the UK Society of Motor Manufacturers and Traders. Page 4

● METAL BOX, the UK's largest producer of cans, is to invest £15m in a new plant capable of using either tin-plate or aluminium, switching production within four days. Page 6

● TRADING in securities of Itel, the ailing Californian computer leasing company, was halted indefinitely by the New York Stock Exchange. Back Page

● GRAND METROPOLITAN tender offer for the outstanding shares of the U.S. drinks and tobacco group Liggett has been blocked by a restraining order. Page 20

LABOUR

● BANK messengers' pay dispute, which virtually halted cheque clearances at the English clearing banks, was settled. Page 9

● CIVIL SERVICE staff cuts are being considered by the Government, Sir Ian Bancroft, head of the home Civil Service, confirmed. Page 9

COMPANIES

● FORD OF BRITAIN announced pre-tax profits of £386m (£242m) for 1979 on record sales of £3.193bn. Back Page, and Lex

● REVERTEX CHEMICALS announced pre-tax profits for 1979 down from £2.55m to £2.06m, falling to a loss of £759,000 at the attributable level. Final dividend is omitted. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:				
Exchequer 3pc 1984	£70¼	+ ½		
Treasury 13¾pc 2004-2008 (£20 paid)	£20¼	+ ⅜		
Blue Circle	320	+ 8		
Boosey and Hawkes	110	+ 24		
Callender (G. M.)	31	+ 5		
Cawoods	182	+ 6		
Channel Tunnel	160	+ 15		
Furness Withy	371	+ 15		
Hambro Life	187	+ 7		
Henriques (A.)	54	+ 16		
House of Fraser	132	+ 5		
Ladstone	350	+ 40		
LWT "A"	114	+ 6		
Manders	141	+ 6		
Maple	33½	+ 2		
McCleery L'Amie	18½	+ 7		
Office and Electronic	250	+ 5		
RHP	100	+ 5½		
Travis and Arnold	250	+ 6		
Williams (J.)	35	+ 5		
Cluff Oil	360	+ 30		
LASMO	520	+ 12		
Ultramar	604	+ 14		
Leichardt Explin.	225	+ 10		
Stilfontein	729	+ 32		
Ventersport	560	+ 21		
FALLS:				
Barratt Dev.	112	− 3		
Hepworth Ceramic	105	− 3		
Revertex	32	− 3		
Stylo	165	− 10		
Bougainville	98	− 7		
Cons. Murchison	350	− 20		
Gold Mines of Kalgoorlie	200	− 6		
Haoma Gold	43	− 5		
North West Mining	42	− 5		

Strikes collapse at BL Cars as 13,000 vote for return

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

Strikes by more than 13,000 BL Cars workers collapsed yesterday — another important victory for Sir Michael Edwardes, the chairman.

The company now faces only pockets of resistance—particularly at Jaguar, Coventry—in imposing its 5-10 per cent psy offer linked to fundamental changes in working practices.

But Transport and General Workers' Union shop stewards from 30 of the 36 car plants, who met in Birmingham yesterday, appeared determined to regroup snd mount a piecemeal campaign against the new work methods.

They are demsnding continued official support from the union for workers who resist changes which BL insists are vital to survival. The key bsttleground will be at Longbridge, Birmingham, where the company plans shortly to put the new Mini Metro into mass production.

In the first dispute over the new work prsctices at Longbridge 50 men walked out in protest at the removal of "togging up" allowances—the payment for donning protective clothing.

The company last nigbt laid off 500 workers on Mini and Allegro production, which is quickly expected to be brought to a standstill.

At Solihull, the 7,000 Rover workers spurned their stewards' advice and votesd by s 4-1 msjority for a return to work. Another 2,500 employees at Rover components plants in Birmingham followed. The psttern wss repeated at the Swindon body plant, with 2,000 workers, Llanelli with 250 and Cashtle Bromwich, Birmingbam, with 1,700 workers.

The 1,600 strikers at Common Lane, Birmingham, who produce the Sherpa van, meet today and are likely to return to work. But there could be prohlems at the two Jaguar plants in Coventry, where 3,000 are on strike over a proposed new grading structure.

The transport union is likely to argue thst the case ahould be treated sepsrately from the dispute over the pay package. But BL insisted last night that any workers who had not returned by tomorrow wouold be deemed tot have terminated their employment.

Another potential tronble spot is Oxford Exhausts, wbere a strike by 80 men threatens supplies of exhausts and radiators.

Sir Michael's tough line in resisting all opposition to his package and, ultimately threatening to sack strikers has swept aside organised opposition.

But this latest confrontation has created frustratioo and bitterness on the shopfloor which may make the proposed reforms more difficult to implement.

A key factor in the company's victory was the stance of the Amalgamated Union of Engineering Workers, whose skilled members were offered a 10 per cent rise, twice that offered to production workers. Mr. Terry Duffy, AUEW president, bas consistently urged workers to give the deal a try and to cross picket lines.

Meanwhile, the transport union stewards meeting in Birmingham called on their union not to allow BL issues to be discussed by the Confederation of Sbipbuilding and Engineering Union — a body on which the union is in the minority thongh it claims up to 70 per cent of BL membership.

The stewards are also demanding increased representation on the central BL negotiating committee.

Ford UK profit

Ford of Britain made record sales, of £3.193bn, and profits, of £386m, last year. It slso paid a record £135m to its parent U.S. compaoy.
Back Page

West Germany and Japan under Iran pressure

BY OUR FOREIGN STAFF

Iran is putting pressure on Japan and West Germany in a last-minute bid to stop them joining in full economic sanctions in support of the U.S. over the hostage crisis.

They are the two major consuming countries most dependent on Iran's oil.

The Iranian Government has notified Jspanese trading companies that shipments of oil are to be suspended.

The immediate reason is the refusal of the 12 Japanese trading companies who import 520,000 b/d from Iran to pay an increase of $2.50 a barrel from April 1.

Japanese officials yesterday played down the connection between the Iranian decision to suspend shipments and the possibility of Japan joining a trade embargo with its European allies, but the two issues have now becoma inextricably linked.

Japan had been importing up to 13 per cent of its oil reqoirements from Iran. It is the industrialised country most affected by a suspension of Iranian oil, butt with 90-100 days stocks in band is fairly comfortably placed.

The Iranians, obviously perturbed by the Japanese refusal to accept the price rise, set on April 21 deadline for stopping loading of Japaoese tankers. There are believed to be four or five Japan-bound tankers awaiting shipments in Iran.

It appears that at least one major Jspanese trading house, Mitsui and Co., managed to load its April monthly allotment by the weekend. A stoppage in shipments would burt Japan if continued for a long time.

Government officials have claimed that Japanese oil stocks can and will be used if the Iranian oil is cut. Yesterday in Tokyo, the Cbief Cabinet Secretary, Mr. Masayoshi Itoh, told Japanese reporters that the country will ask major international oil companies, with the belp of the U.S., to make up for any shortages caused by a stoppage.

The Iranian Government also warned West Germany yesterday, in a formal statement, that supplies would be cut off if the Germans decided to follow the U.S. call for sanctions.

The Iranian Embassy in Bonn said compliance would have "long-term consequences for German-Iranian economic relations."

West Germany, which has been in the forefront of the drive to secure European backing for the measures proposed by President Carter, imports 10-15 per cent of its crude oil requirements from Iran.

Iran crisis news. Pago 2
Learning to live with an energy crisis. Page 17

BNOC makes £75m profit

BY RAY DAFTER, ENERGY EDITOR

BRITISH Nstional Oil Corporation is on tbe way to becoming the UK's most profitable State undertaking. It has reported a pre-tax profit of £75m for 1979.

Within the next four to five years its annual profits conld soar to more than £1bn, according to unofficial industry estimates.

However, with plans for its reorganisation still in the offing, its chairman, Mr. Rnny Utiger, has called on the Government not to take action that would turn the Corporation into a "political footbsll."

Under Government reorganisation plans, outlined to BNOC's Board by Mr. David Howell, Energy Secretary, the State Corporation would be split into two separata undertakings.

The exploration and prodnction arm of BNOC, involving a substantial degree of private capital, would he run on the lines of British Petroleum. The oil-trading arm, which bandles about two-thirds of all the oil produced in the UK sector of the North Sea, would be retained as a wholly-State-owned company.

The Government plans to invite private shareholding into the exploration and development arm of BNOC. Dr. David Owen, the Opposition energy spokesman, has said a Labour Government would reoationalise a "privatised" BNOC.

Mr. Utiger says in the annual report that he hopes the restructuriog operation will be "resolved in a way which retains tha capacity of the Corporation to serve the national interest as may he required, and avoids the danger of a total upheaval every time the Government changes."

The report shows that BNOC, established in 1976, met its initial financial objective to make a net profit in 1979. Higher oil prices last year meant that it was achieved comfortably. Its pre-tax profit of £75.4m, on sales of £3.2bn, compared with a loss of £2.3m on sales of £432m in 1978. It was "an extraordinarily satisfactory year," Mr. Utiger said here.

Cootinned on Back Page

Optimism on EEC budget payments

By John Wyles

THE EEC has agreed on the mechanisms hy which the hudget payments to the Community this year might he reduced, according to Sir Geoffrey Howe, the Chancellor of the Exchequer.

Sir Geoffrey's comments came after yesterday's meeting of the EEC's finance and economics ministers and added to the growing feeling of optimism that the hudget problem could be settled by the Community's heads of Government meeting in six days' time.

Additional momentum towards agreement has been given by the concern within the Community about the gathering international crisis over Iran and following the Soviet invasion of Afghanistan.

After yesterday's meeting it was generally accepted that some £300m could he wiped off the UK's hudget hill by changing the so-called "financial mechanism," and a further unspecified amount removed from the psyments burden throngb increased Community spending in the UK.

But it still remains for the Heads of Government to settle on Sunday and Monday here the crucial outstanding qnestions of by how mnch the UK's hudget payments should be reduced and for how long any special arrangements to benefit the UK should last.

According to several officials here the impact of the dsrkening international situation on the UK hudget negotiations has been twofold. Generally it has produced a very strong desire in West Germany, France and the UK to be seen to be grappling with the major foreign issues of the day rather than an essentially domestic Community squabble.

This, in turn, is producing a softening of negotiating Thatcher, the UK Prime Minister, is talking more of compromise, less of reprisals against the Community if there is no agreement at the summit, and even of negotiations continuing until the next heads of Government meeting in June.

France, which for the past five months has often seemed the main obstacle to an agreement, has made changes in its negotiating approach which some observers believe owe mnch to the external situation.

Fed urges banks to curb loans to U.S.

BY NICHOLAS COLCHESTER

ALL THE central banks of the Group of Ten countries, and of some other countries, have been asked by the U.S. Federal Reserve to help it enforce the credit restraint which formed part of the U.S. anti-inflation programme annouoced by President Carter in mid-March.

The request, in the form of a letter from Paul Volcker, the Fed chairman, was handed to the central haokers when they met a week ago at the Bank for International Settlements in Basle. It asked the central banks to urge large banks in their respective countries not to undermine the credit restraint by making loana from outside the U.S. to U.S. borrowers.

There are already signs that the Fed's appeal will complicate the raising of Eurodolar finance for foreign takeovers of U.S. companies. Grand Metropolitan's $415m hid for the U.S. tobacco company Liggett Group could be affected.

By resorting to moral persuasion of other central banks to reinforce domestic credit policies, the Fed could also have created a precedent for central bsn kco-operation in regulating the Euromarkets.

The Fed's move is believed to be the first time that such a general request delivered through the Basle forum of central bankers has been used to re-inforce credit policies in particular countries. Central banks are this week reacting to the request in different ways. The Bank of Japan, which, with tbe Japanese Ministry of Finance, has s tight grip on its domestic banks, yesterday announced that it was "advising" major Japanese banks to restrain their lending into the U.S. so that such loans should not grow at above the 6-9 per cent laid down in the Fed's programme.

The German Bundesbank confirmed yesterday it would, in the "near future," ask the major German banks ot show restraint in their U.S. lending. The Bank of England said of the Volcker letters: "We sre considering how best to respond to this."

The Fed has not turned ditectly to foreign banks operating in the U.S. because, according to Governor Henry Wallich, it considers the special credit restraln programme automatically hidning upon them. It is concerned here to block a major potential loopbole, wbereby U.S. borrowers can raise dollars from outside the U.S. banking system.

In the letter, Mr. Volcker says: "I would greatly appreciate it if you could find the opportunity hy whatever means you consider appropriate, to urge the principal hanks in your country, whether or not they have branches or agencies in the U.S., to support our programme and to limit their loans to U.S. residents in line with the objectives of the special credit restraint programme."

Governor Wallich explained yesterday that, in addition to this request, the Fed was continuing to monitor loans arraoged internationally by large U.S. companies.

Beyond the quantitative limit of 6-9 per cent tbe U.S. programme of restraint also specifically discourages loans made for the purposes of speculation or take-over. It is becanse of this tbat Grand Metropolitan, the British hotels and drinks company, may find its $415m bid for Liggett Group made more difficult.

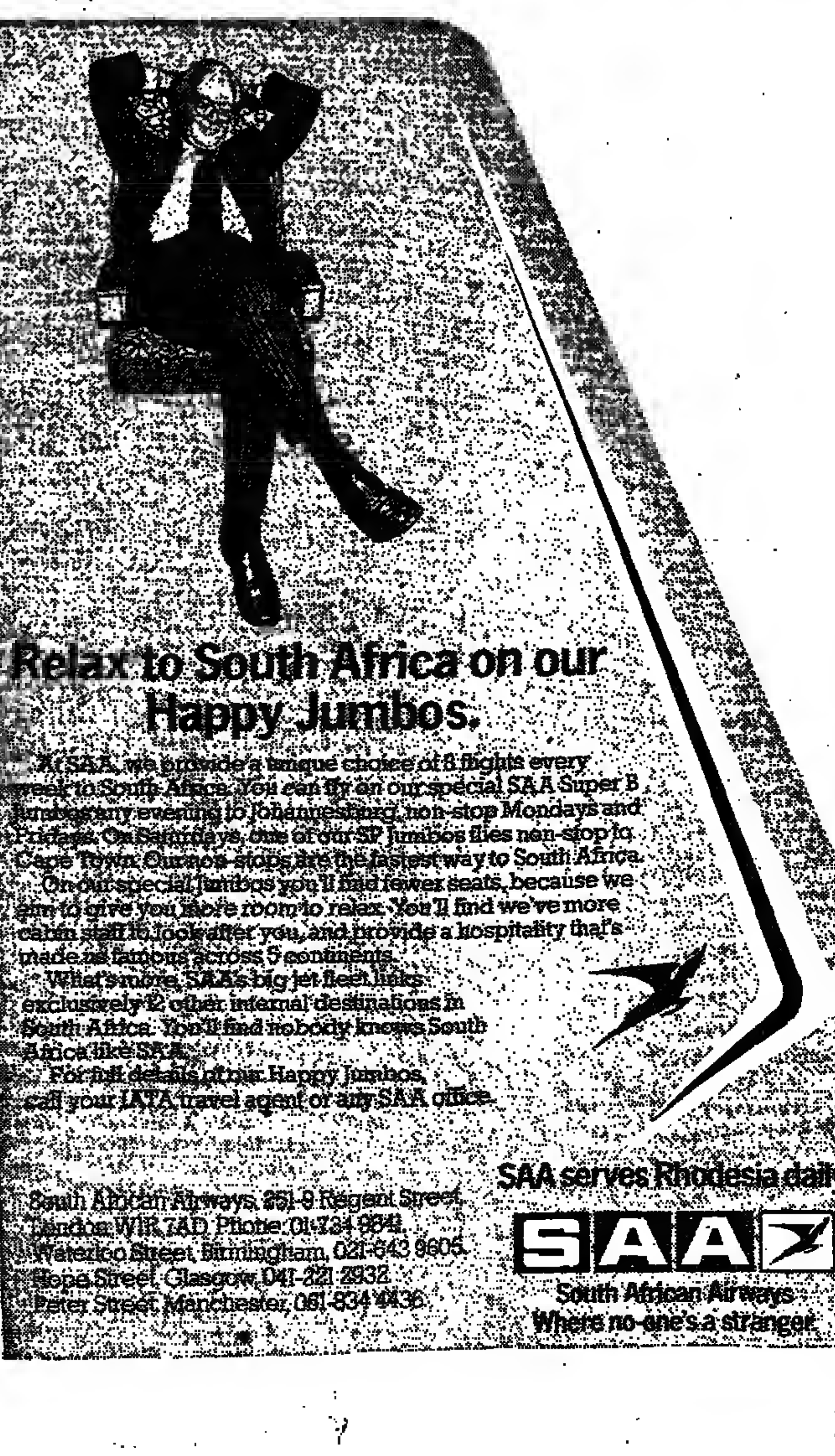
The Fed has been in contact with the Bank of England, discussing the implications of the large amount of Eurodollar borrowing which Grand Metropolitan has arranged to finance this take-over attempt. The Bank of England said yesterday it declined to "comment on individual cases."

Mr. Anthony Good, executive director of Grand Met, said yesterday the company bas not been approached by the Bank of England about the financing of its hid for Liggett.

Among Western central banks the U.S. Fed has been particularly sensitive to the possibility that flows of funds through the international banking system might be undermining its domestic monetary policy. Its advocacy of some form of global reserve requirements to curb these flows bas been rejected by other central banks —among them the Bank of England—interested in preserving an active offshore market in dollars.

£ in New York

—	Apr. 18	previous
spot	$2.2160-2180	$2.2270-2290
1 month	0.10-0.20prem	0.05-0.15 prem
3 months	0.22-0.27prem	0.10-0.20prem
12 months	0.70-0.55 dis	0.85-0.75 dis



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MODIFICATION OF FINANCING SYSTEM NO LONGER RULED OUT

Paris may accept EEC rule change

BY ROBERT MAUTHNER IN PARIS

A FUNDAMENTAL modification of the EEC's financing system, aimed at achieving a better balance between member states' net budgetary contributions and receipts, is no longer being ruled out by the French Government, according to authoritative officials in Paris.

A change in the present rules, under which all customs duties and farm levies on imports from outside the Community and up to 1 per cent of VAT receipts are paid by member countries into a common budget, is not favoured by France because it would undermine the principle of Community "aolldarity." But the French are beginning to realise that a change would have certain long-term advantages, the officials said.

The new French thinking on the subject could bave a vital bearing on the negotiations on Britain's demand for a snbstantial reduction of its net contribntion to the Community budget, estimated at about £1.2bn in 1980. French officials stress, however, that the type of solution which is eventually found for Britain's financial difficulties depends very much on whether the British Government is seeking a temporary or permanent arrangement.

If Mrs. Thatcher, the British Prime Minister, is prepared to accept a temporary and strictly limitad rednction of the UK's financial burden, this wonld not necessitate a change in the rules.

If, on the other band, Britain is looking for a permanent arrangement, the Treaty of Rome would bave to be amended. This would require not only agreement by all the member countries, but ratification by national parliaments. An essential French condition for such a cbange of the rules is that it would apply to all member countries, not only Britain. There could be no qnestion of a "lex hritannica."

If there is to be a modification of present rules, the French would also insist that tbe new arrangements apply to countries which receive more from the Community budget than they pay in, as well as to those which bave a net deficit. In other words, any corrective mechanism would require surplus countries to repay at least soma of their net receipts from the budget.

The officials gave Denmark as an example of a member country whose net receipts from the common budget were currently mnch higher than eve nBritain's net contribntions.

The possibility of a change in the Community's rules was first mooted by President Giscard d'Estaing in a newspaper interview 10 day sago. But many observers thought at the time that the French President was merely raising the issue in order to underline France'a opposition to any modification of the Treaty of Rome

It bas now become clear that the French Government, while still opposed to any revision of the present rules, is actively considering such a change as a realistic option.

Swedes face more industrial disruption

By William Dullforce in Stockholm

A CRITICAL week opened on Sweden's labour front yesterday when 1.2m public sector employees refused to work overtime.

Their action threatens to disrupt public transport gradually, to cause staffing problems in hospitals and schools and to restrict police operations. It could also herald more severe industrial conflict later in the week.

The ban on public sector overtime is linked with private sector wage negotiations, in which Government-appointed mediators are working against a deadline to produce a settlement acceptahle to both sides.

Unions have said they will resume industrial action if no agreement is reached for 1.2m private employees by Wednesday. Such a move could bring counter-action by the employers.

Employer organisations for state, county and local authority employees are awaiting the result of the private sector talks before concinding their own pay agreements.

Impatient at the delay, four public sector unions have not only imposed an overtime ban but have also given notice of strike action by 14,000 strategically placed employees this Friday. The employers bave retaliated with lock-out notices for 12,000 employees from the same day.

Sweden's pay negotiations have dragged on since November. In the private sector the blue-collar trade union federation, LO, bas demanded nominal wage increases averaging 11.4 per cent. The employers' association, SAF, bas said that 4 per cent is its limit.

A breakdown was averted on April 13 when SAF accepted the mediators' proposal for an initial concession of a SKr 0.15 an hour rise, or less so-called national kitty which than 1 per cent, to go to a the LO could apportion.

The union then called off its overtime ban and the employers postponed their lock-ont, while the mediators continued their work.

The pnblic sector unions' ban on overtime began at midnight on Sunday after mediators bad failed to reconcile differences between the two sides over the calculation of a SKr 0.15 an bour kitty similar to that agreed for the private sector.

So far the overtime ban bas bad little effect.

EEC expected to reject immediate trade sanctions

BY JOHN WYLES IN BRUSSELS

FOREIGN MINISTERS of the EEC meeting in Luxembourg today look likely to rule out the immediate adoption of trade sanctions against Iran and to opt for a two-stage approach based on UK proposals for securing the release of the U.S. bostages in Tehran.

Intense diplomatic exchanges in the run-up to today's crucial discussions have revealed a unanimous, if relnctant, acknowledgment by the Nine that they must respond to demand for alliance solidarity over the bostages issue.

This does not mean, however, that the EEC is ready to join in levying an immediate trade embargo. Most of the Nine doubt whether this will secure the hostages release and aome are reluctant to face np to the sacrifice of national interest involved.

As a result EEC Ministers appear to be ready to embrace proposals circulated by Lord Carrington, the UK Foreign Secretary, which will lead the Community first into mounting diplomatic pressures on Iran and then into applying trade sanctions if there is no change in the hostage situation.

Apart from enabling the Community to postpone grasping the sanctions nettle, the attraction of the UK proposals is that they appear to be acceptable to the U.S. It is nnderstood that Foreign Office soundings in Washington have not drawn any undue criticism of the plan.

Among other things, it is nnderstood that the first phase of EEC pressure on Tehran would involve a reduction in diplomatic representation in hoth Community embassies in Tehran and Iranian embassies in the EEC, visa controls on Iranian nationals, the suspension of arm shipments and the threat of trade sanctions. The trade embargo would be implemented in the second stage of the plan after a specified period, possibly by the middle of May.

It is not yet clear whether a transfer of the hostages from the control of the students to government custody would be considered sufficient to avert the threat of EEC sanctions.

A novel feature of the EEC discussions is tha close involvement of Japan whose Foreign Minister, Mr. Saburo Okita, had talks with a number of Commnnity Foreign Ministers after their arrival last night.

Officials suggest that France bas been a little irritated by suggestions that it wants to drag its feet on the issue and there has been a noticeable strengthening of French support for common action during the past 48 hours.

Karamanlis candidacy in doubt

By Our Athens Correspondent

THE GREEK Prime Minister, Mr. Constantine Karamanlis, is having difficulties stepping up to the presidency and the country could be headed for an early general election.

All opposition parties have rejected the conditions Mr. Karamanlis set at the weekend under which he said he would stand in tomorrow's presidential election.

Mr. Karamanlis, 73, said the election should be placed above party politics. He appealed to the 300 MPs to vo te according to conscience and not along party lines. This, he said, would allow him to perform his duties politically uncommitted

The Panhellenic Socialist Movement (PASOK) of Mr. Andreas Papandreou and the Moscow-oriented Greek Communist Party (KKE), together hold 104 seats in the 300-seat Honse and are opposed to his candidacy. Mr. Karamanlis could not bope to be elected on either the first or second ballots which reqnire at least 200 votes.

With the five smaller parties now indicating they will not co-operate, the ruling New Democratic Party, with 174 seats, would have to rely on the seven independents to obtain the 180 votes required in a third ballot.

Should Parliament fail to elect a President in a third ballot on May 3, the House will be dissolved and a general election called for early Jnne.

It is doubtful if Mr. Karamanlis would be willing to risk the bumiliation of running three times to be elected

Hesse nuclear plan in trouble

BY KEVIN DONE IN FRANKFURT

THE proposed construction of a nuclear fuel re-processing plant in the state of Hesse has started to encounter strong political opposition.

In February, DWK, the West German nuclear fuel re-processing company, which represents the interests of 12 aeparata alectricity utility companies, filed an application with the Hesse Government for permission to build a plant with the capacity to re-process about 350 tonnes a year of spent nuclear fuel.

In this, it was supported by the Hesse Government, a coalition of the Social Democrat (SPD) and the Free Democrat (FDP) parties. But the SPD grouping in South-Hesse, which has a reputation for standing well to the Left of the general party line, voted clearly against the energy policies that are being pursued hy the party leadership at a weekend district party conference. It called on tha administration to give np its support for the reprocessing plant "because of tha high risks of tha technology and its disputed scientific hasis."

So far, the FDP party leadership in Hesse has been the target of only muted grass-roots opposition, but its energy policies will coma up for discussion at its party conference next weekend, and its support for the re-processing plant is also expected to arouse sharp criticism.

Poll confusion after CDU death

BY ROGER BOYES IN BONN

THE UNEXPECTED death of Herr Heinrich Koeppler, a leading Christian Democrat politicians bas thrown into confusion the election campaign in the key West German State of North Rhine Westpbalia and opened np the prospect of a significant shift in the balance of power between the leading parties.

Herr Koeppler, head of the opposition Christian Democrats (CDU) party in North Rhine Westphalia, died after suffering a second beart attack. He was a well-respected man and a fair-minded politician who was steering bis party into the final run-up for the State election on May 11.

The state, the most populous in West Germany with 17m people, is finely balanced in electoral terms and the CDU stood a reasonable chance of victory. It is the strongest party with 95 seats but the Social Democrats (SPD), with 91 seats, bave formed the ruling coalition with the Free Democrats (FDP) who have 14.

The complexion of the North Rhine Westphalia coalition is thus similar to the one that runs West Gearmany as a whole, and therein lies part of the significance of Herr Koeppler's death. The State is seen as a vital indicator of the likely outcome of the genaral election in October.

A befty sympathy vote for Herr Koeppler, bringing tha CDU to power, would come as a severe jolt to Chancellor Helmut Scbmidt. At the same time, a CDU victory would give the party a two-thirds majority in the Bundesrat, the Upper House, and an effective blocking power over Government legislation.

There is a strong precedent for the effects of a sympathy vote. The only time that the CDU has been able to gain power in North Rhine Westpbal since the war was in 1958 when Herr Carl Arnold, the then CDU leader, suffered a beart attack. Even CDU politicians admitted afterwards that this had influenced many of the undecided voters.

In any case, the state coalition is far from impregnable. The anti-nuclear Ecologists party, the "Greens," may well take important votes away from the Free Democratic party and force it below the so-called 5 per cent hurdle. This is the minimum share of the vote necessary for parliamentary representation and would put the CDU in an even stronger position.

The SPD has so far been focussing its campaign on what it claims are the shortcomings of Dr. Kurt Biedenkopf, the deputy CDU leader who looks set to take over from Herr Koeppler, the SPD claims that Dr. Biedenkopf, one of the party's top economic experts, is a close ally of Herr Franz-Josef Strauss, the Cbancellor candidate.

Japan looks to the U.S. for oil

BY RICHARD JOHNS

JAPAN HAS had consultations with the U.S. about supplies of oil from Western countries to make good a shortfall if it were to join in a trade embargo against Iran, according to Japanese diplomats.

Japan has been lifting 520,000 barrels a day from Iran, or np to 12-13 per cent of its current requirements, and would be bardest hit by a cut-off in supplies.

In Washington yesterday, officials privately acknowledgad that it might ba necessary to provide special assistance to Japan for the loss of Iranian crude either through the sharing mechanism provided for in the 19-member International Energy Agency or through a bilateral arrangement.

Last night Mr. Ulf Lantzke, director-general of the IEA, who had jnst returned from a three-day absence abroad, said that be was unaware that Japan had yet made any formal approach. Other officials of the IEA were unavailable for comment.

Under the IEA scheme, a member is entitled to seek help from the others when its supplies fall seven per cent sbort of the norm. It has yet to be tried, though Sweden last year came close to activating tha "trigger mechanism."

The most obvious bilateral assistance from the U.S. would be to divert Alaskan oil to Japan. At present there is a Congressional ban on the export of Alaskan crude but the Administration could ask for this to be lifted.

Japanese diplomats say that there is no connection between the question of sanctions and the Iranian decision to suspend oil imports to Japan because of the refusal of the 12 trading companies involved to pay an extra \$2.50 per barrel from April 1 over and above the \$35 previously charged. In this, they were fully backed by Tokyo.

At the same time, Japan wants its involvement in the \$3bn petrochemical complex at Bandur Shahpur, to be treated as a separate issue by the U.S. and other Western countries considering sanctions.

Living with crisis, Page 17

Campus strife leaves 1,000 injured in three days

BY SIMON HENDERSON IN TEHRAN

CLASHES betwen students and Islamic fundamentalists outside Tehran University yesterday left 100 people injured.

It was the third day of fighting between rival groups which has swept university campuses around the country and resulted in more than 1,000 people being injured. President Abol Hassan Bani-Sadr has given a warning that the tension could create the atmsophere for a *coup d'etat*.

In yesterday's fighting in Tehran, revolntionary guards restored order by using tear-gas and firing volleys into the air after a crowd of about 20,000 had gathered. But tension continued and the state radio made frequent appeals to people to avoid the centre of the city.

Tha Islamic fundamentalists, many of whom do not appear to be students, have been challenging left-wing students to vacate their offices in the University. So far, only one group, the Islamic-Marxist Mujahaddeen, has said it will do so.

Observers identify the fundamentalists as supporters of the hard-line Islamic Republican Party which has done well in the first raund of elections and whose leadership challenges President Bani-Sadr from within the ruling Revolutionary Council.

The Council bas ordered all political groups to leave University campuses by tonight. Although opposed to the left-wing groups, President Bani-Sadr bas said that attacks on them are not the way to deal with the prolbem.

'Kurdistan is exploding,' claim rebels

By Our Foreign Staff

MORE THAN 100 people have died in fighting between Kurdisb guerrillas and the Iranian army over the past four days around the town of Saqez, according to an official of the Kurdish Democratic Party in the town.

The akirmisbing bas been concentrated around Saqez and Sanandaj, the capital of Kurdistan. In both areas there has been artillery bombardments but the Iranian army says tbat clashes have been less serious than the Kurds suggest.

A column of Iranian troops bas been trying to move north from Sanandaj to Saqez. A company of soldiers from this force was captured by rebel forces on Sunday, according to reports in Tehran, and the Iranian army has demanded their release.

An official of the Kurdish Democratic Party, which controls most of the guerrilla forces, is quoted by the Tehran daily, Kayhan, as saying: "Kurdistan is exploding." Hundreds of Kurds were fleeing across the border to Turkey.

U.S. plans to make its embassies more secure

BY DAVID BUCHAN IN WASHINGTON

THE U.S. State Department is asking Congress for \$40m over tbe next 18 months to improve the protection of U.S. embassies abroad and to prevent them being as easily overrun as the Tehran mission was last November.

The Department would use the money to step np security at some 15 posts in politically trouhled areas, such as Central American and the Middle East. In addition to tha takeover of Tehran embassy, there were also mob attacks on U.S. missions in Pakistan and Libya in the past year.

Officials have opinted out repeatedly that no embassy with a limited number of marine guards ean hold out against a prolonged assault that is sanctioned or at least condoned by a host government. There is no intention to turn U.S. embassies into fortresses.

But the incident at the U.S. embassy in Islamabad last November showed, to the satisfaction of U.S. security officials, that a omdern embassy building could be defended for a few hours while secret information was burned and personnel got to safety. The new programme would be to install safe havens inside embassy buildings and escape hatches, along with better control of public access.

W. Germany starting era of electronic correspondence

BY KEVIN DONE IN HANOVER

THE ERA of "electronic correspondence" in Europe will begin in West Germany over the next few months. The Bundespost, West Germany's post office, is introducing services whicb promise to bave a far-reaching impact on the world electronics market.

The West German "Teletext" service is to begin in January next year, making it possible to send mail electronically from one and of Germany to the other in no more than 10 seconds.

The system uses machines whicb in one unit include a typewriter keyboard (allowing far more characters to he used than on present telex machines), a computer memory, a screen (on which correspondence can he edited and corrected); and components allowing the transmission and reception of correspondence from user to user.

During tha early 1980s tha service is set to expand rapidly, first to Sweden, also in 1981, then Canada, the U.K., Austria, Switzerland and most other Western industrial countries.

The way will then be open to send electronic correspondence internationally direct from user to user with equal speed.

According to Siemens, the biggest West German electronics and electrical group, as many as 100,000 users are expected in West Germany alone by the end of the 1980s.

Fight for markets

The market which the service will open up in the Federal Republic alone over the next decade could be worth as much as DM 3bn (£713m). On a world scale, it is expected to lead to a major battle for markets between the world'a electronics giants, and in West Germany equipment is ready for the market launch from such companies as Siemens, Triumpb Adler (owned by Volkswagen), Olympia (ownad by AEG), Standard Blektrik Lorenz, the West German subsidiary of ITT of the U.S., and Philips of the Netherlands.

The world's major postal administrations have been working for nearly four years to ensure that manufacturers in different countries produce compatible equipment, so that thare ia no communication problem between different systems.

Tha Bundespost has been anxious for Teletext to avoid the sort of chaos which developed, particularly in the U.S., because of incompatible data-processing and transmission systems.

The world'a post officea will meet in June for what is hoped to be a final session to prodnce a protocol allowing all vital components of the system to be standardised. According to the Bundespost, the major obstacle to agreement is France'a insistence on procedures not favoured by most other countries.

Prof. Heinz Gumln, the Siemens Board member with responsibility for the communications division, said he was optimistic that agreement could be reached, and that about 90 per cent of the protocol had already been agreed.

Speaking at the Hanover Fair, the world's largest exhibition for capital equipment and office technology, he said it was vital for a unified system to be introduced which would allow all users to communicate with each other internationally, regardless of the origin of the eqnipment.

Compatibility between machines had been a major reason for the success of the international telex network, he said.

Forced to follow

If France faila to fall into line, other postal adminiatrations will press ahead regardless, hoping to set a powerful precedent which other countries would he forced to follow.

In the long-term, Teletex could well replace telex in most advanced countries, said Prof. Gumin, althongh substantial growth is still expected in the world telex market in the next decade. An important feature of the Teletext machines is that they will also be able to use the international telex network.

In the more *distant* future, these machines are also expected to transmit facsimiles.

"Telefax" machines, which allow "long-distance photo-copying," are expected to be the other major growth market in electronic text commnnication over the next decade. Prof. Gumin said the number of users in West Germany alone, now estimated at 10,000, should grow to 120,000 by 1990.

A Telefav service for private subscribers was launched in the Federal Republic last year, hut from June the Bundespost is also making the system available for the general public.

From the summer it will ba possible to send letters electronically over long-distance photo-copiers from about 600 different post offices throughout West Germany. Users will take their letter to a local post office, from wbere it will be transmitted to a post office near the receiver'a address. From there it will be delivered the same day by express messengers. The cost is expected to be about DM 10 for the first A4 size sheet, and DM 5 for all following sheets.

Why Bonn has problems in showing solidarity with Washington

BY ROGER BOYES IN BONN

JAW, JAW—not war, war—Winston Churchill's slogan was taken literally at the West German Social Democratic Party's conference on security last weekend. Hundreds of committed Social Democratic jaws exercised themselves to the point of exhanstion in the cause of peace.

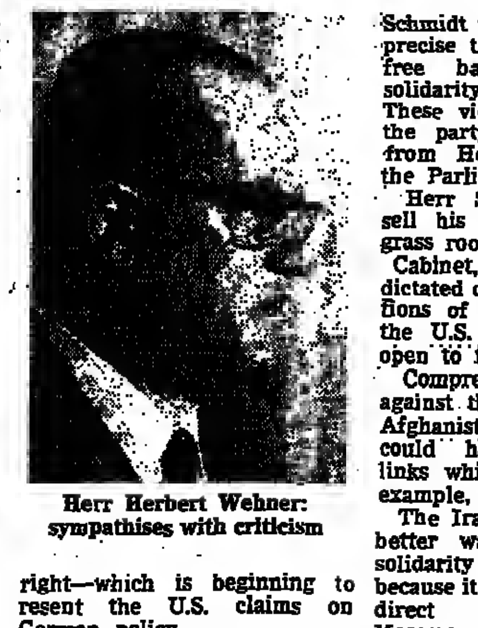
The talk did not spare the academic rod, and the war philosophies of Clausewitz and Heraclitus were common currency, along with gloomy analyses of the international situation. But the meeting, only days before Europe has to decide how to react to the Iran crisis, provided soma startlingly up-to-date insights.

Above all, it showed the severe domestic restraits on Herr Helmut Schmidt, the West German Chancellor, as be strives to find a suitable way of expressing solidarity with United States demands for sanction on Iran.

While Herr Schmidt stressed his support for Washington, delegates (over 1,000 attended the meeting) repeatedly claimed that the U.S. was dragging Germany towards a war, or at least into an uncontrollable international crisis.

Herr Schmidt adjusted his prepared speech slightly to answer some of the criticism, but tha delegates were clearly not wholly convinced. The problem is that Herr Schmidt laid equal emphasis on the risk of an impending war (be again compared the international situation with that of Jnne-July, 1914), and on the need for full backing for the U.S. As the only way out of the crisis. By contrast, many delegates argued that the U.S. was escalating the crisis, and that solidarity (although important) could be carried too far.

The gulf between the grass roots Social Democrats and the Chancellory underlines just how little room for manoeuvre Bonn bas. The party's rank andfile will naturally stay loyal to the Chancellor—he is their ticket to re-election. Bnt there is clearly a strong current of opinion transcending the simple categories of left and right—which is beginning to resent the U.S. claims on German policy.



Herr Herbert Wehner: sympathises with criticism

Although no section of the party seriously questions the importance of the U.S. in the Western alliance, criticism is growing and is pntting Herr Schmidt under pressure at the precise time when he needa a free band to demonstrate solidarity with Washington. These views find sympathy in the party leadership, notably from Herr Herbert Wehner, the Parliamentary floor leader.

Herr Schmidt has thns to sell his policies both to the grass roots and to parts of bis Cabinet, and this in itself has dictated caution in bis deliberations of bow best to support the U.S. and still keep lines open to the East.

Comprehensive reprisals against the Soviet Union over Afghanistan, the party fears, could harm the East-West links which are essential, for example, to West Berlin.

The Iran bostage crisis is a better way of demonstrating solidarity with the U.S., if only because it does not (yet) involve direct confrontation with Moscow. To this end, Bonn is prepared, if necessary, to go out on a limb to impose economic sanctions, espeically if this stops tha U.S. taking military action in Iran. The Chancellor, although not wholly convinced of the ultimate effectivness of sanctions, is determined that this should be done, as the Free Democrats, headed hy Herr Haos-Dietrlch Genscher, the Foreign Minister.

Tihs does not, bowever, appear to be the view of many memhers of the Chancellor'a party. The problem for the party managers in an election year is thus how to sell the Chancellor's line to the local party organisations, and ensure that they pass the word on to the electorate.

The answer seems to be to press ahead with an offer of talks on arms control with Moscow, viewed as a high priority by the party grass rootz. Last December, the Social Democratic Party conference approved the Atlantic alliance's plans for modernising theatre nuclear weaponry, much of which would be based on West German sail. But this approval was coupled with the demand that talks on arms limitation—specifically of medinm-range weapons in Europe—be opened with the Soviet Union.

Why bas no progress been made on the arms talk element of the party resolntion, delegates asked the leadership last weekend. Herr Alfons Pawelczyk, the party's main defence expert, explained there were three main inhibiting factors. In the first place, solidarity with the U.S. meant that Bonn could not be seen to be acting over-independently in negotiating with Moscow. Future arms limitation talks were a matter for the U.S. and the USSR. Bonn should not act alone.

This raised s second fundamental question. If SALT-II is not going to be ratified before the end of 1981 at the earliest, there is simply no forum in which to diacuss medium-range weaponry. The party leadership stressed that tbia sbould not be a serious limiting factor. The conference on European security and co-operation, to be beld in Madrid in November, could, for example, be a starting point at which East and West agree on a common definition of medium-range weaponry. November, however, seemed a long time off for most delegates.

The third element in the equation was the uncertainty about Soviet intentions. There have been conflicting signals from Moscow, but the first and most probable interpretation of a speecb last year by President Leonid Brezhnev is that Moscow is in principle willing to talk about arms control right up until the Atlantic alliance is in a position to deploy its new weapons at the end of 1983.

In the Social Democratic Party's view, if negotiations with the East are advanced but not finalised by 1983, deployment could be delayed. But if any of this is to make sense, the Soviet Union should also agree to delay stationing any more medium-range weapons, particularly SS-20s, in the interim. Otherwise the imbalance of forces wonld grow to sucb an extent that the basis of negotiations would be seriously affected.

This was the tbrust of a recent declaration by the Chancellor calling for the mutual suspension of deployment. If the Russians agreed, it would prove they were indeed ready for talks. Some signs point in this direction already.

The problem seems to be that Moscow is willing enough to talk — President Brezhnev's recent invitation to Herr Schmidt shows this — but the premise of the discussions could well be that the Atlantic alliance go back drastically on its decision to modernise theatre nuclear weapons. This remains unacceptable to Germany, and it is clear that Herr Schmidt's proposal for a delay on weapon deployment is an element within the framework of the Atlantic alliance decision — and not a sebstitute for it.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

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South Yemen's President ousted in power struggle

BY IHSAN HIJAZI IN BEIRUT

THE PRESIDENT of South Yemen, Mr. Abdel Fattah Ismail, has resignad in what is believed to be a power struggle with Mr. Ali Nasser Mohammed, the Prime Minister.

Aden radio said Mr. Ali Nasser bad succeeded Abdul Fattah as president of the country and secretary-general of the ruling Yemeni Socialist Party.

The announcement cited health reasons for the resignation, but ovservers attributed it to a running policy dispute between the ousted Head of State and his successor.

Mr. Ali Nasser is a strong advocate of good relations with South Yemen's two conservative neighbours, Saudi Arabia and North Yemen, wbile Mr. Ahdul Fatah has led the country into a close alliance with the Soviet Union, with which it haa a 20-year friendship treaty.

South Yemeni trio: Mr. Ali Nasesr (right), the new President, pictured with Mr. Ahdul Fattah Ismail (centre), his predeeessor, and Mr. Salim Robaya Ali, who was executed in 1978

The new President is helieved to be the moving force hehind the recent improvement in relations with Riyadh. Obaervers said that Mr. Abdul Fatah was obliged to resign after rejecting an invitation to viait Saudi Arabia.

The invitation was carried hy Mr. Saleh Salem, the Foreign Minister, after talks in the Saudi capital

In an interview published in the Beirut left-wing newspaper, As Safir last week, Mr. Ali Nasser said Aden was interested in good neigbbourly relations *with* Saudi Arabia and was going ahead with negotiationa with Sanaa for a union between North and South Yemen.

Though Abdul Fatah is known to suffer ill-health, observers do not believe this is the reason for his resignation, they note tbat be bas just returned from the Libyan capital, Tripoli, whare he attended a summit conference of the "confrontation Front" opposed to the Egyptian-Israeli Peace Treaty.

There have beeo persistent reports io the Arab Press about a conflict between Mr. Abdul-Fatah and Mr. Ali Nasser. Analysts helieve Abdul-Fatah's removal from office is hound to carry political significance not only for South Yemen hut for the *Arabian* peninsula *as* well as for Soviet ambitions in the region.

Mr. Leonid Brezhnev, the Soviet President, valued Mr. Ahdul-Fatah's visit to Moscow last November so much that, despite illness, he made the effort to greet and later hid farewell to the South Yemeoi leader—which he did not do for Syria's President when he visited Moscow shortly before.

Mr. Abdul-Fatah, who is 41, had domioated the South Yemini regime as its Marxist-Leninist ideologue since lt gained independence from the British in 1967. He was the secretary-general of the ruling party, and was elected President in 1978 when the political *system was restructured* after upheavals in Aden which saw the overthrow and execution of former President Salem Ruhaya Ali.

Zhao urges caution on reforms

By Tony Walker in Peking

ONE OF China's leaders yesterday admitted that attempts to introduce reforms had produced problems in the ecooomy.

Mr. Zhao Ziyang, the executive vice-premier urged caution io the implementation of changes and spoke of dangers if they were carried out too qnickly. His warning came in a speech to a provincial party committee and was carried on the front page of the People's *Daily*.

Contradictions had arisen hetweeo that part of the economic structure where reforms had heen made and the structure a sa whole, he said. Illegal activities had emerged, such as speculation, profiteering, shoddy work aod the use of inferior material.

Mr. Zhao's remarks are most significant as he is now believed to he ruoning the day-to-day affairs of state and is also regarded as one of the more enthusiastic economic reformers.

He said hlindness in drawing up production plans should be reduced hy guidance. Many enterprises were now vying to meet market demand and duplication of production caused a great waste of laboor. Mr. Zhao's remarks suggest there has heen a reapppraisal of China's limited experimeot with a market economy. But he stressed that China would press ahead with economic reform at a steady pace.

Tarling appeals

SINGAPORE — Mr. Richard Tarling yesterday began court proceedings in an attempt to clear his oame after hisconviction on five counts for company law offences. He appeared in the Court of Appeal, a month after being freed from Changi prisson where he was serving a six-month sentence.

His lawyer, Mr. Howard Cashin, told the court that the trial pudge had erred io law and in fact

Reuter

K. K. Sharma in New Delhi reports on India's planning guidelines

Indira makes her economic move

INDIA SET its economic sights high yesterday, when the Planoing Commission decided to aim for ao ambitious 5 per cent annual growth rate, possibly rising to 5.5 per cent. Average growth for the past five years has heen ooly 3.5 per cent, while the plan formulated hy the former Janata Governmeot aimed for 4.7 per cent growth.

The Planning Commission, appointed a fortnight ago, held its first meetiog yesterday under *the chairmanship* of Mrs. Indira Gaodhi, the Prime Minister. It will have to work quickly. The plan it is preparing covers 1980/81 to 1984/85, and thus this year's development will he an iotegral part of it.

The Janata Government's programme has now been abandooed, but there is to be no "plan holiday," although this year's development will inevitahly he tentative. The new draft shonld be ready by the end of this year, for presentation early next year to the National Development Council, India's supreme economic policy-making body.

Yesterday's meeting began a lang-delayed process. Mrs. Gandhi has heen Prime Minister for more than 100 days, and has *only just* started the timecoosuming process of drafting a detailed economic deevlopment programme, the guidelines of which were decided only yesterday.

Police used tear gas and batons to disperse demonstrators in Gauhati city, Assam yesterday, AP reports from New Delhi. Dozens of people were said to have heen injured. It was the latest incident in a six-month agitatio nby Assamese students for the deportation of alleged aliens.

Mra. Gandhi wants "self-reliance" to be the main objective. The plan will stress those projects already heing implemented and those which will yield quick results, but it will also lay the basis for longer-term projects, including important steel, oil an dcoal developmeots, as well as improvements to infrastructure, which has been in a shambles for the past year or so.

Central government ministries and the states are to consult on such *vital* matters as resource mobilisation to achieve the high annual growth target.

The plan will include a halance-of-payments policy, since the pressure oo the halance of paymeots is expected to increase. This will require higher production of, and investment in, items now beiog imported—like crude oil, edible oil and fertilisers. Consultatioos are also to he held with members of the Organisation of Petroleum Exporting Countries to achieve what is describe das "collective self reliance." Attempts will he made to increase external aid.

The planning Commission is to make particular efforts to make more use of existing capacity in such seciors as power, coal, oil and steel. It will also want to make full use of irrigation potential.

Mrs. Gandhi wants more emphasis on rural development, an integrated programme for which will take into accouot the "food-for-work" programme, so that it becomes part of the process of economic grnwth.

Mrs. Gandhi: aiming at self-reliance

It was recognised that family planning efforts have slackened and that the population cootrol programme most be revitalised. Mrs. Gandhi made a special reference to this in her openiog remarks, and said the success of family planning would depend oo improved education and nutrition.

The private sector's role is to be examined, and this will find a place in the draft plao, as will an analysis of iocomes policy.

Kabul hoists new flag

MOSCOW — Afghanistan's new flag, a hlack, red and green tricolour, was hoisted for the first time yesterday at a ceremony io Kabul, the Soviet news ageocy, Tass, reported.

The flag replaces the previous all-red ooe which alienated many Moslems when it was iotroduced after the April 1978 revolution.

The ioclusion in the state flag of green, the traditional Islamic colour, is part of an attempt by Mr. Babrak Karmel, the Prime Minister, to win over Arghanistan's devout population. Reuter

Nepal's Premier attacked

KATHMANDU — Sixteen people have been arrested after an incident in which stones *were thrown at a car containing* the Prime Minister of Nepal, Mr. Surya Bahadur Thapa. The incideot occurred dn Suoday at Banepa, ahout 15 miles east of the capital, Kathmandu, the Governmeot-owned Radio Nepal said yesterday.

The Prime Mioister escaped upharmed, but the windows of his car were smashed. Mr. Thapa was returning to Kathmandu after addressing a puhlic meeting.

The official news agency said some people in the crowd which attacked Mr. Thapa's car were *shouting slogans in favour of* the restoration of the multipart system which is to he decided hy the country's 7.2m voters in a referendum on May 2.

Mr. Thapa, a supporter of the present partyless Pancbayat system of government, had in his speech earlier denounced "those who were bent upon disrupting *the* oational referendum hy resortiog to threat, intimidatioo and terrorisatioo." AP

Honecker backs Zimbabwe

By Leslie Colitt in Berlin

EAST GERMANY, which *supported* Mr. Joshua Nkomo in Zimbahwe's guerrilla war but was not invited to last week's independeoce celebrations, has expressed its backing for the oew state

Herr Erich Honecker, the East German Communist leader, sent a telegram to the Reverent Canaan Banana, Zimbabwe's President, saying East Germany wants to establisb "friendly relations aod fruitful co-operation."

Begin men say Weizman must go

JERUSALEM — Supportera of Mr. Menahem Begin, the Israeli Prime Minister, said yesterday that they would seek to onst Mr. Ezer Weizman, the Defence Minister, from his post, even though such a move could bring down the Government.

"We know that some Government Ministers are using political blackmail to get the Prime Minister to forget about the views expressed by Mr. Weizman last week, but we are determined to get him to qnit," a member of the executive committee of Mr. Begin's and Mr. Weizman's Herut (Freedom) party said.

He said that the party's parliamentary committee would meet later this week to pass a vote of no confidence in Mr. Weizman. "If this does not get him to resign, we will cut off all contact with him until he realises he has no place in our party."

Mr. Begin's aides said that the Prime Minister was still studying the matter.

Mr. Weizman said in the interview that he favoured early general elections and the implementation of Palestinian autonomy ln the Gaza Strip before the West Bank. Both ldeas are in direct opposition to the policies of the Prime Minister and his party.

The Defence Minister also said that tbe Government was not functioning properly and proclaimed his readiness to serve in a Government formed by the opposition Labonr Party or by a newly organised Centrist Party.

Meanwhile three Palestinian villagers and two Israeli soldiers were injured yesterday when hundreds of Arab demoostrators attacked an Israeli army patrol in the occupied West Bank.

Palestinians, from Dir al-Assal village, blocked the busy Jerusalem-Hebron road and hurled stones at the aoldiers. The troops fired warning shots aod wounded three of their attackers.

Reuter.

Ihsan Hijazi reports from Belrnt: The bead of the Palestine office in Tripoli returned to his post in Tripoli over the weekend—the first tangible sign of an improvement in relations between the PLO and the Libyan regime of President Muammar Gaddafy.

Mr. Abu Tarek resumed his duties following announcement of a reconcilation between Col. Gaddfy and Mr. Yassir Arafat, the PLO's chairman. The two met in Tripoli last week at a conference of the Arab Confrontation Front countries.

Mr. Tarek was expelled from Libya last January. Under the reconcillation, Libya may resume financial aid to the PLO which lt halted when the dispute broke out.

WEIR

Results for year ended 28th December, 1979.

Loss-makers eliminated
Recovery and renewed growth expected

	1979 £'000	1978 £'000
Turnover	160,336	183,532
Profit before tax	4,658	9,344
— and before deducting losses of operations discontinued in 1979	(2,579)	(1,743)
Shareholders' funds	36,460	48,036
Earnings per share	1.4p.	20.6p.
Dividend	1.8634p.	5.7233p.

The results are vary disappointing. They ware badly affected by external conditions including the national transport and enginaering strikes, depressed markets, inflation and high exchange rates, as well as by domestic strikes.

We therefore dacided that radical action was naeded and have closed down two loss-making steel foundries and a valve company. This has mada necessary a provision for closure costs, including tha write-off of assets, representing most of the £8.2m shown as Extraordinary Items in the Accounts.

The decision not to recommend payment of a Final Dividend should be seen against this background.

There are great strengths in the main parts of our business and excallent opportunities, particularly overseas. We believe that in 1980, *firm* evidence of recovery and renewed growth will emerge.

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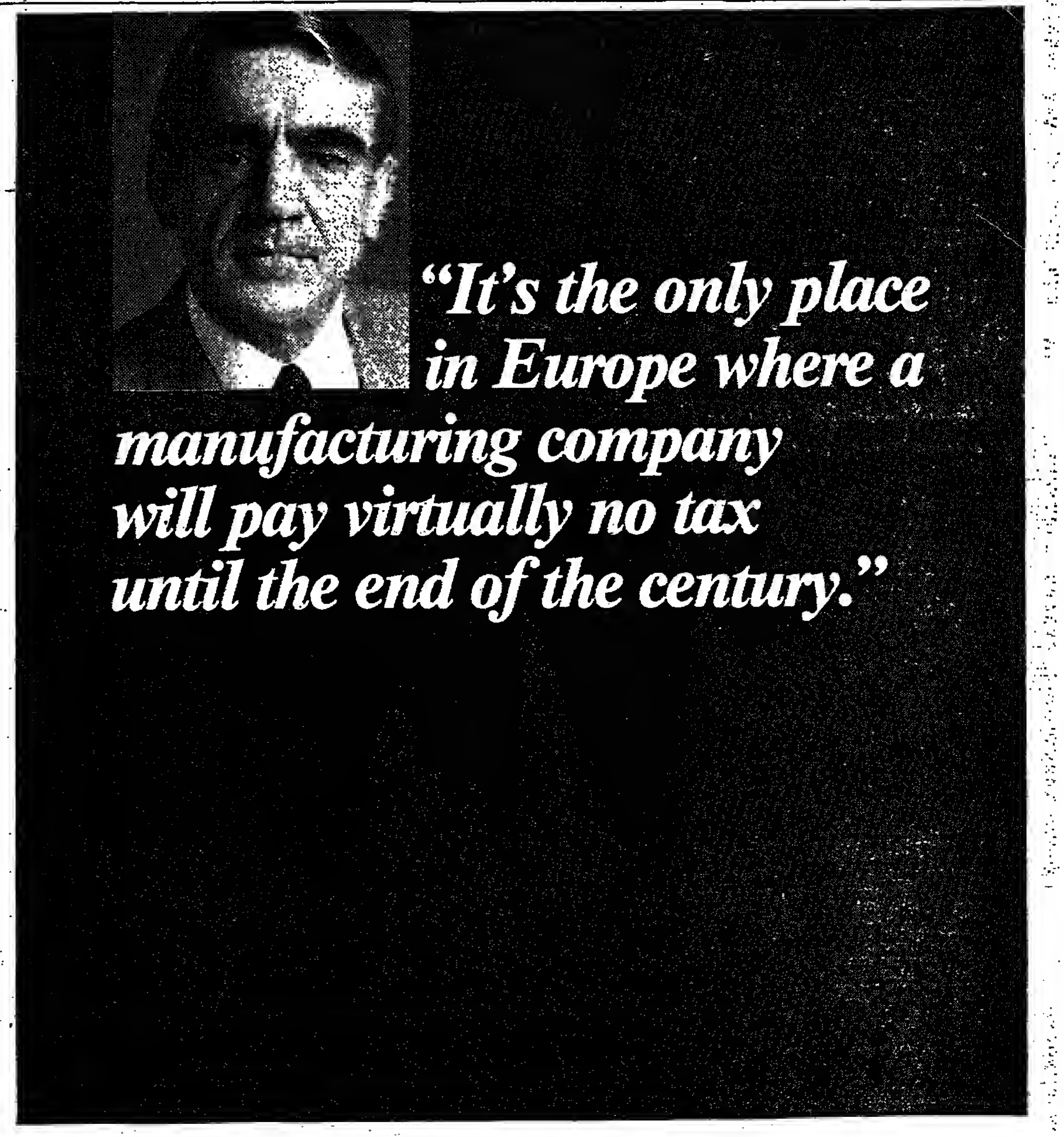

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AMERICAN NEWS

David Buchan visited Pennsylvania to assess the voters' mood in todays primary

Presidential campaign moves to Harrisburg

"MIDDLETOWN HAS just about rejoined the rest of the country—we're now primarily concerned about inflation and jobs, like everyone else." Mayor Robert Reid says of his 12,000-strong community in central Pennsylvania.

"Of course, we still have that little problem down river," and he points along the broad Susquehanna to the four cooling towers of the Three Mile Island nuclear plant, which caused world-wide alarm when its reactor core cooling system went haywire 13 months ago.

The nuclear issue is by no means dead in Pennsylvania, which holds its presidential primary elections today. Nor have the candidates neglected it. They are conscious that the aptly named "Keystone State" fields the fourth largest delegations to this summer's national conventions, and that today's contest is a bridge between the spring and summer primary campaigns.

Nuclear safety is still of deepest concern to those who, like the residents of Middletown, live in the shadow of the Three Mile Island plant, whose reactor containment system holds a lot of radioactive gas and water. This must be cleaned up before the damaged uranium core can be removed. Both the Nuclear Regulatory Commission and Metropolitan-Edison, which operates the plant, want in particular to "vent" radioactive krypton gas into the atmosphere.

The proposed "venting" would probably be trivial compared with the plumes of gas which escaped immediately after the accident. But the plan has been howled down by Middletown residents at town meetings. Senator Edward Kennedy certainly scored some points last week in the conservative rural middle of the state, where he is inherently weaker than resident Jimmy Carter, by opposing th venting plan at a rally in Harrisburg, the State capital.

In contrast to Mr. Kennedy's proposed two-year moratorium on building nuclear reactors, Mr. Carter has made few bones that nuclear power development should go ahead with all deliberate speed—although in special Pennsylvania newspaper interviews this weekend he was stressing the safety aspect strongly.

Curious reports are circulating locally about the aftermath of the accident. Down at the Middletown police station, which has a radiation monitor and a fancy krypton gas gauge, a sergeant passed on rumours h had heard about animals mysteriously dying or still-born. A colleague chipped in with stories of fish in the Susquehanna mutating to enormous sizes since the accident. Most of this was designed to give outsiders' legs a gentle tug. A check at the mai npet shop revealed that the only recent unexplained death was that of a skunk.

On the other hand, the state health authorities took seriously some reports that infant mortality and hyperthyroid conditions in new-born children had increased since the accident. Investigations have found nothing out of the ordinary so far.

But the state health department last week released a study noting "a surprising persistence" of anxiety among those living within five miles of the crippled plant. It showed they took more tranquillisers and drank more. The proprietor of Kuppy's Diner strongly disputed this, adding that most Middletown people were sick and tired of hearing about Three Mile Island.

As Mayor Reid pointed out, economic issues are uppermost in people's minds, even the minds of his troubled constituents. The President seemed acutely aware of this at his pres conference last Thursday, when he coupled his stern warnings to Iran with a separate reiteration of the measures he has taken to soften the impact of the coming recession on certain sectors.

But Mr. Carter had no comfort for the steel industry, a major force around Pittsburgh in the west of the state. Lay-offs in the industry are rising, and the Pennsylvania unemployment rate is nearly 8 per cent, nearly two points above the national average. The industry can hardly blame the President for the slump in car sales which is reducing demand for steel, but they can, and do, take him to task for scrapping the "trigger price" system for imported steel at the end of March.

The Administration's argument was that, with U.S. steel filing a massive anti-dumping case against European competitors, the industry could not expect more protection — the "trigger prices." Not surprisingly, the industry did not see it that way.

This is one factor which has put the Senator well within striking distance of the President, who must carry the rural areas — where he tends to do well — to offset Mr. Kennedy's expected predominance in liberal Philadelphia, whose mayor has endorsed the Senator, and strong showing in and around Pittsburgh.

While the Democratic hierarchy in the state, such as it is, has split openly between its party's two candidates, the Republican establishment (including the state's two senators and governor), have sat on the fence. This neutrality of Pennsylvania's traditionally moderate Republican leaders seems to have aided Mr. Ronald Reagan in an area which otherwise would have seemed natural country for Mr. George Bush.

More important is the growing number of national Republican leaders who are rallying in the name of party unity behind Mr. Reagan. Particularly impressive was the endorsement on Sunday of Mr. Reagan by Senator Howard Baker, himself a candidate until late March, and a prominent moderate. For Mr. Bush, Pennsylvania has been the first primary in which he could face Mr. Reagan directly, without anyone else siphoning off the anti-Reagan vote. Mr. John Anderson is not on the ballot, and is in any case expected to launch his independent bid for the presidency this week.

Mr. Bush has also spent more time and money in the state than Mr. Reagan — by about two to one. For both Mr. Bush and Mr. Kennedy, today's primary is an important throw of the dice. Both are very near conclusive defeat. The term "crucial" is much overworked and attached to to omany dates on the primary calendar.

Car worker cuts worry Congress

BY JOHN MAKINSON IN NEW YORK

THE INCREASING financial burden of supporting laid-off workers in the U.S. auto industry is causing concern within Congress.

Over 200,000 workers are already laid off and it is possible that 500,000 could be eligible for financial assistance within a few months. The Labour Department has recently made 48,000 workers at 13 Ford motor plants eligible for the allowance, called trade adjustment assistance. Payments for the whole programme could exceed $1.4bn in the fiscal year to September 1980. This is $1bn more than expected.

Under the support scheme, workers receive a cash payment equivalent to 70 per cent o ftheir average weekly wage, in addition to unemployment benefit. The government also assists with job hunting, counselling and relocation.

In order to qualify for assistance, a plant must show that imports of competitive products are increasing, that sales or production is declining and that significant lay-offs or unemployment have been threatened or carried out.

The workers need not be laid off at the time that they become eligible but, one they have been accepted into the scheme, they can claim benefit as soo nas they are laid off. Benefits last for one year.

Some Congressmen are arguing that, taken together with unemployment allowances and company-paid benefits, the Federal payments can boost the income of workers above their normal weekly wage.

They also say that because payments arrive weeks or months late, workers are often back at work by the time they receive the benefit.

The scheme was introduced in April 1975, since when around 630,000 workers have become eligible for assistance. The main industrial sectors which have received help are automobiles, steel, electronics, footwear and clothing.

At present, however, the auto sector is receiving the lion's share of the aid. About 36,000 Chrysler workers were recently made eligible and applications are pending for a large number of General Motors employees, as well as a group of Ford components workers.

Costa Rica will take all Cuba exiles

COSTA RICA has offered asylum to the 10,000 Cubans waiting to leave the Peruvian Embassy and appealed to Gen. Fidel Castro to let the evacuation resume immediately, agencies report from San Jose, Costa Rica.

Two ships have arrived at a Cuban port to collect refugees, the Communist Party daily, Granma, reported. A further 41 arrived by air in Madrid yesterday, while 300 more were to leave for Madrid later in the day.

Income tax move

The newly-elected Government of the Caribbean state of St Kitts-Nevis will abolish personal income tax from May 1, to be replaced instead by a wide range of indirect taxation, Tony Cezier writes from Bridgetown, Barbados. The move follows a similar one made by neighbouring Antigua four years ago. Government expenditure for the year is estimated to be SC$47.7m (£8.04m) and revenue EC$49.3m.

Honduras poll returns

The Honduran Liberal Party, ousted by a military coup in 1963, yesterday took a commanding 12,000-vote lead in elections for National Assembly that will be charged with bringing popularly elected rule, AP reports from Honduras.

Oil output down

Venezuela's oil production so far this year reached an average 1,996,400 barrels a day this week, down 8.67 per cent on the same period last year, the Energy and Mines Ministry said, Reuter reports from Caracas.

Brazilians plan new tax to discourage imports

BY DIANA SMITH IN BRASILIA

THE BRAZILIAN Government has decreed a 15 per cent tax on purchases of foreign exchange intended to finance imports. According to Sr. Ernane Galveas, the Finance Minister, the tax should counteract what he called "tremendous pressure on non-oil imports," which the Government hopes to limit to $10.5bn (£4.7bn).

Until late 1979, attempts were made to cool imports with a compulsory prior deposit of 100 per cent of their value.

This deposit, now abolished, did no more to discourage rapid growth of imports of capital goods, raw materials and finished products than did large or small devaluations of the cruzeiro, that, in theory, were a cost deterrent. Many observers feel that the new tax will have as little impact.

Meanwhile, the $1bn trade deficit for the first quarter has been a physcological blow to the team headed by the Planning Minister, Sr. Antonio Delfim Netto, who is determined to balance exports and imports at $20bn each—, including an oil deal of up to $10bn.

With the first quarter inflation running at 18 per cent, the Government has also decreed an increase in tax on short and long-term financial transactions: for long-term operations, the tax has been raised from 1 per cent to 6.9 per cent. This, the Finance Minister claims, will reduce overheated loan demand and lessen its inflationary impact.

There is also to ha a 1 per cent tax levied on stock market dealings, while tax on insurance transactions has been doubled from 2 to 4 per cent. These measures, the Treasury says, will bring in Crs 150bn (£1.4bn) in added revenue.

Metal unions to decide today on return to work

BY HUGH O'SHAUGHNESSY

THE BRAZILIAN authorities face a day of decision in Sao Paulo today after yesterday's holiday as metal workers decide whether to return to their jobs after the arrest of their leaders and the takeover of their union.

Sr. Luis Inácio de Silva, leader of the 140,000-strong Sao Bernardo metal workers, was detained with some 12 other union leaders and members of the church's Justice and Peace Commission in dawn raids on Saturday by the Sao Paulo political police.

On Friday, the authorities took possession of the Sao Bernardo metalworkers' union.

Amid some confusion in Brasilia over who ordered the arrests, Government officials blamed the work stoppages on "communist agistation."

Rik Turner writes from Sao Paulo: The options now open to the metal workers, who have been on strike since April 1, have narrowed since the Government intervention in their unions on April 17.

They can either continue with their action, aware that it was declared illegal on April 14, that their leaders have been declared "out of office" by the Government and that their union headquarters are occupied by the police, or they can return to work.

The latter option is tantamount to an admission of defeat, and would not solve their grievances. They will receive a sliding-scale wage increase of up to 7 per cent for the lowest paid workers, but will not receive any pay for the duration of the strike.

Furthermore, the employers have refused throughout the strike to grant what represents the major demand from the unions, stability of employment.

Argentina report rejected

BY ROBERT LINDLEY IN BUENOS AIRES

TOMORROW the Argentine Foreign Ministry will release its full, 180-page rebuttal of the report of the Organisation of American States' Inter-American Human Rights Commission (IHRC) on the human rights situation in Argentina. The Commission's report was to be released tonight in Washington.

According to Argentina's advance rebuttal, "positive facts are systematically silenced or minimised" in the report, while "unfavourable elements are accentuated."

Among the conclusions of the IHRC report—which covers the period in Argentina from 1975 (the year before General Videla took power from the Peronists) through 1979—is the presumption that the "thousands" of arrested who have disappeared have died " and that "the right to security and personal integrity" has been violated

ZURICH AIRPORT
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WORLD TRADE NEWS

Exxon in $1bn Saudi chemical venture

By Anthony McDermott

EXXON-CHEMICAL ARABIA and the Saudi Basic Industries Corporation (SABIC) are on Saturday to sign an agreement for the establishment of a petrochemicals plant in the industrial zone of Jubail on the east coast of Saudi Arabia. This project, in which investment will total $1.1bn, will be jointly owned by the two organisations.

The petrochemical plant will produce 260,000 tonnes/year of low density polyethylene. SABIC has yet to evaluate whether the ethylene feedstock will be provided from an adjacent plant or produced within the SABIC/Exxon complex. The plant is due to be in operation in the second half of 1984.

Saudi Arabia's heavy industrial strategy has been to develop two zones in Jubail and at Janbu on the Red Sea, based on crude oil and feedstock derived from associated gas drawn from oilfields in the Eastern Province. There are at present some 15 large scale petrochemical, refining, fertiliser and metallurgical projects planned for these two areas.

SABIC was established in 1976 to help create downstream industries in Saudi Arabia based on oil energy resources.

The importance of this agreement is that it reflects increasing commitment by international companies to joint ventures with either SABIC or Petromin, the Saudi state oil organisation.

Exxon, is with Mobil, Texaco, and Socal 40 per cent shareholders in Aramco, the producer of 97 per cent. of Saudi Arabia's oil.

Last month, Mobil concluded an agreement with SABIC for the establishment of a petrochemicals plant at Yanbu.

Motor industry chief attacks closed markets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE EUROPEAN motor industry had a duty to protect itself against "one-way trade nations" which remained closed to imports while exporting substantial numbers of cars and components, Sir Barrie Heath, president of the UK Society of Motor Manufacturers and Traders, said yesterday.

In an outspoken attack, launched during the run-up to the Turin Motor Show in Italy, Sir Barrie specifically mentioned the Japanese and Eastern European industries, but he must also have had in mind Spain while hstill has a highly-protected local motor industry.

"Europe and other genuine free trade nations must be aware of the threat to our markets and manufacturing industries from imports from such countries."

"It is not the role of the free trader to provide a one-way capital outflow to other industrialised countries.

"And, in a period of slack world car sales, however short, countries such as Italy and Britain and our EEC vehicle manufacturing partners have a duty to seek ways to protect their own industries and employees from unbalanced competition," maintained Sir Barrie.

"We must continue our pressure to open the doors to all overseas markets. Vigilance is necessary to ensure that products from other countries are not allowed to come onto our markets at unrealistically low prices."

Sir Barrie was less vehement than in the past in his opposition to import controls on cars and components.

"In general, we do not wish to see import controls to protect our motor industry. We believe that competition is an essential spur to the development of better products and we are not afraid of strong and fair competition," he said.

Some countries remained all but a closed shop, even to Europe's most competitive and technologically advanced motor component companies. "The occasional token purchase of European components or technology, accompanied by a public relations fanfare, is no compensation for the flood of complete vehicles from behind closed doors of the one-way trade nations."

By coincidence, the major Japanese car companies yesterday did indulge in a fanfare of publicity about their import plans.

Toyota said it will increase imports this year by 90 per cent on the 1979 level from about Y9bn (£16m) to Y17bn. Nissan (the Datsun group) predicted a 50 per cent rise from Y20bn to Y30bn, and Toyo Kogyo (Mazda) said it will increase purchases from the U.S. alone by 33 per cent from Y9bn to Y12bn.

The announcements came on the eve of talks between Japanese and U.S. Government officials about car trade. These are expected to focus on ways of expanding imports of U.S. cars to Japan, including import duty and domestic tax cuts

Strikes hamper British export push in Gulf

By Duncan Campbell-Smith

BRITISH INDUSTRY'S strike-ridden image is a major obstacle in pursuing new export markets in the Gulf. But British goods still enjoy a reputation for quality which could be a platform for further strong growth in the region.

These are the conclusions of Mr. Cecil Parkinson, Britain's Minister for Trade, on his return from a seven day visit to Kuwait and the UAE. He was accompanied by three leading businessmen and a military sales representative from the Ministry of Defence.

Fears about the reliable delivery of UK goods have been increased by the wide coverage given to British strikes, said Mr. Parkinson. BSC's business in the region appears widely affected as de car exports. In other sectors such as construction the main problem is fierce price competition, particularly from the Far East.

British exports to the Gulf have nevertheless quadrupled over the past four years, led by strong performances in food and consumer goods. Invisible earnings through consultancy and management contracts have also grown.

This was the first visit to the area by a British Minister of Trade for several years, but it follows other recent visits to the Middle East by Lord Carrington the Foreign Secretary, and Mr. Douglas Hurd, the Minister of State at the Foreign Office.

Local reactions to this latest visit by UK officials have contrasted the low key approach of the British Government with the bolder business-orientation of the French President's visit in early March.

Leading producers plan joint research

BY KENNETH GOODING

CO-OPERATION within the European motor industry will be taken a significant step further if the European Commission approves an agreement signed by six of the leading manufacturers covering advanced, long-term technological research.

The companies involved are BL of the UK, Fiat of Italy, PSA, the Peugeot-Citroen-Talbot group of France, Renault, of France, Volkswagen of West Germany and Volvo of Sweden.

They have formed a joint research committee to coordinate research into various aspects of energy, environment and new materials for motor vehicles.

The agreement, covering the manner in which the work will be organised and carried out and how costs are to be shared, is currently being examined by the EEC authorities. The partners argue that their competitive position will not be altered since all final product development will be carried out individually, and outside the cooperation project.

Areas of joint interest on which the research will be concentrated include such things as combustion technology, corrosion, surface treatment, motor vehicle batteries, quality control, computerised engineering methods and the properties of new materials.

The research work will be carried out within the existing research organisations of the partners as well as by outside institutions such as universities and research institutes.

Air NZ to replace DC-10 fleet with 747s

WELLINGTON — Air New Zealand is to buy five Boeing 747 jumbo jets to supplement, and eventually replace, its present fleet of McDonnell Douglas DC-10s.

Prime Minister Robert Muldoon announced after a cabinet meeting that the Government had approved the expenditure of NZ$400m (£172m), for the Boeing 747s, and one Boeing 737

Mr. Morrie Davis, Air New Zealand's chief executive, said the decision to switch to Boeings was purely economic.

"We are satisfied with the design and the integrity of the DC-10," he said, but economically the returns on a Boeing were better.

Mr. Muldoon said the first of the new aircraft will be in operation some time next year.

Air New Zealand has been operating DC-10s since the early 1970s. Last November a DC-10 crashed while on a sightseeing flight in the antarctic killing all 257 people on board.

Reuter

● The final evaluation of the two contending aircraft for the Royal Australian Air Force tactical fighter force — the McDonnell Douglas F/A-18 and the General Dynamics F-16 — begins in the U.S. this week, Patricia Newby writes from Canberra. Australia's evaluation team will spend 10 weeks looking at the aircraft, and will examine weapons systems, simulators and support requirements as well as operational, industrial co-production and contractual aspects. The study will enable the Government to decide on the 75 aircraft to replace the RAAF's Mirage fighter force.

Philip Bowring in Hong Kong reports on the planned bus service to the mainland

East welcomes West along the highway to Canton

HONG KONG and China are being sewn ever more closely together. The latest stitch will be the start in August of a bus route between the colony and Canton, adding to rail, air and hovercraft links between the two cities.

Initially, the bus service will be quite a small operation but it reflects the beginning of the rapid growth of road links between the capitalist city state of Hong Kong and its communist hinterland.

In either freight tonnage or passenger terms, it will be some time before road becomes as significant as the rail link or rivals the air and hovercraft links in speed. But the greater flexibility of road transport, together with China's apparent ambitious plans to build a four-lane highway from Canton to the Hong Kong border, suggests that the roads will be important threads joining the two political bodies.

Meanwhile China is also reported to be considering the electrification of the railway from the border to Canton to connect with the railway electrification now underway on the Hong Kong end of the Kowloon-Canton railway.

There is scepticism that China can afford two such major undertakings as a 100-mile highway and the railway electrification, which together would cost several hundred million dollars. But the fact that both are apparently being considered simultaneously is a clear indication of the importance China attaches to transport links as a way of facilitating the Hong Kong-assisted industrialisation of the area between Hong Kong and Canton and to providing China with better access to Hong Kong's container port facilities.

According to Mr. Alan Armstrong-Wright, Hong Kong's Transport Commissioner, when China plans to build a surfaced road 12 metres wide (widening to 18 metres nearer to Canton). At present there is only a 7 metre-wide gravel road, interrupted by two ferry crossings. The journey by car from central Hong Kong to the middle of Canton takes between 5½ and six hours compared with only three hours by train.

Initially there will be a four times a day each way bus service. It will be owned by a combination of the Canton Provincial government, the Peking-owned, but Hong Kong-based, China Merchants Steam Navigation, and the British group, Inchcape.

It is expected that services will be expanded to reach other towns and cities in both Canton and neighbouring Fukien Province, currently not directly accessible from Hong Kong.

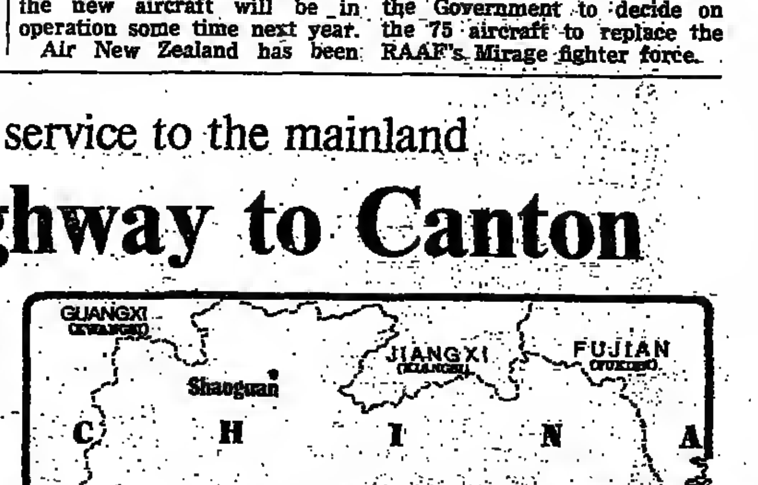
The big growth area in road traffic is in freight, not passengers. At present about 700 vehicles a day each way cross the road bridge at Man Kam To. About two-thirds of the journeys originate in the Shumchun area close to the border which is a source of both food for Hong Kong and the site of a oew industrial zone.

Freight carried is less than 10 per cent of the 2m tons a year carried by rail across the border. But this compares with almost nothing a couple of years ago and the advance is expected to cootiuue to expand rapidly, even without a oew highway to Canton. Vehicles engaged in the traffic must be licensed in both Hong Kong and China.

From Hong Kong's point of view, that obviates any need for haggling over matters such as insurance. In practice almost all the vehicles originate from Hong Kong.

The initiative for the road links has come from China rather than Hong Kong. China wants to both sell more into Hong Kong, and increase the attractions of the Shumchun industrial estate for Hong Kong investors. The Hong Kong Government has been rather concerned about the potential security problems in the area. It has been worried that heavy road traffic would provide a new opportunity for illegal immigration. For the moment Hong Kong wonts to restrict passenger traffic to a limited number of bus journeys.

The border crossing is only open 10 hours a day, closing early in the afternoon to normal traffic, to allow for the repatriation to China of captured illegal immigrants. To facilitate passenger movement, however, Hong Kong will set up a customs and immigration post at Man Kam To. At present border movement is handled by the police on an informal ad hoc basis.



There has been no discussion so far of access for private cars from Hong Kong into China. However, in the longer run, Hong Kong residents are hoping to be able to ease their claustrophobia by driving into China for weekends. China has already in any case plans f ortourist developments. At present, the Man Kam To bridge is the only road link but others could readily be built, feeding into the dirt roads on the Chinese side believed adequate for light traffic.

On the Hong Kong side of the border, major road schemes are already in and will be affected by the development of trans border traffic.

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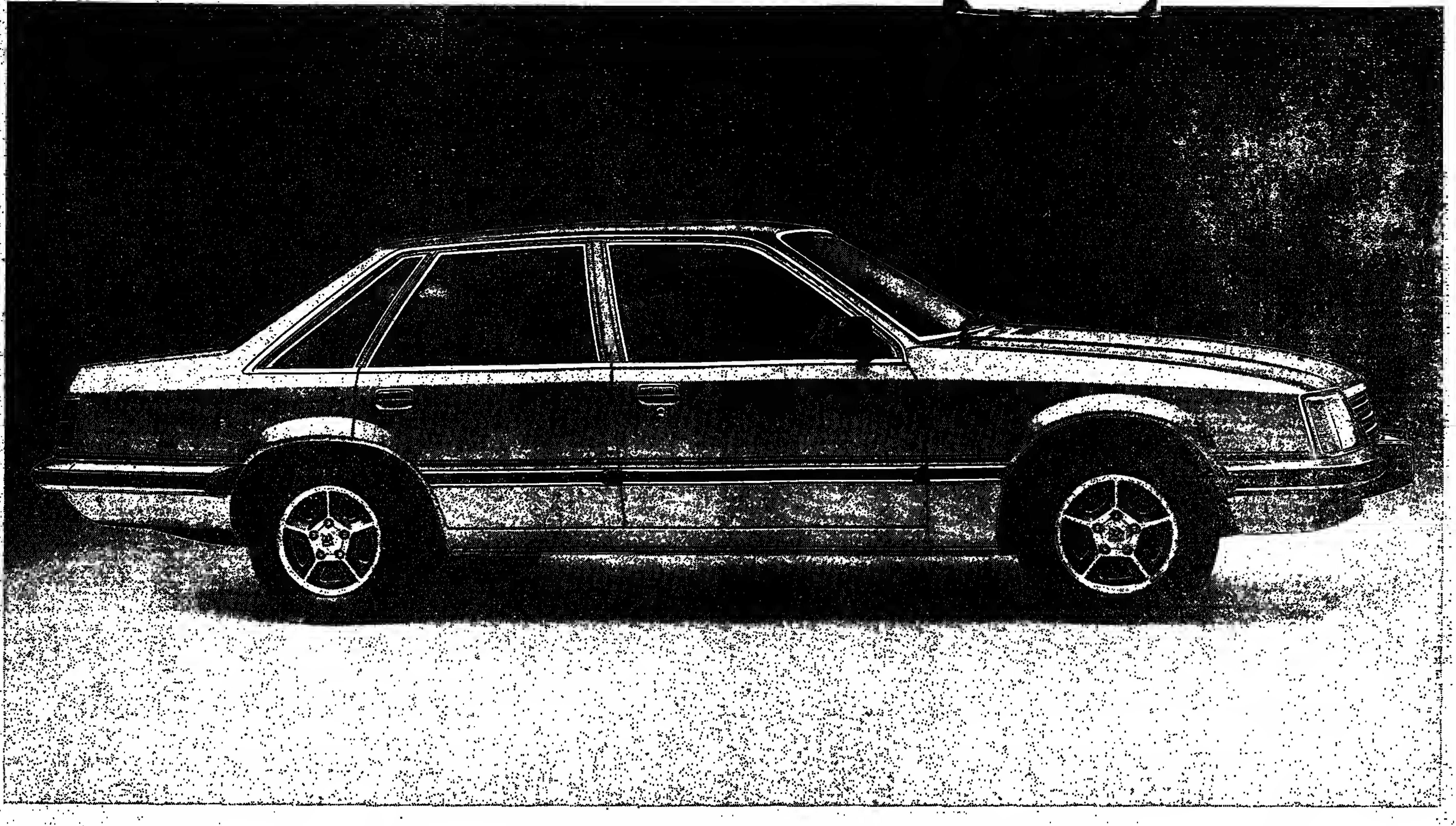


Luxury is built in, not bolted on.

Have you noticed how luxury, like beauty, is often only skin deep?

If you're easily seduced by thick carpets and comfy seats, there are any number of 'luxury' cars to choose from.

If, however, you believe there's more to luxury than meets the eye (or for that matter, the posterior), the list of candidates rapidly shrinks.

Two cars that bear closer scrutiny are the Vauxhall Royale Saloon and Royale Coupé.

Their distinctive looks owe as much to the science of the wind tunnel as to the art of the designer.

Both cut through the air with the minimum of turbulence and, as a result, with minimal wind noise.

A tapered, sloping bonnet and, below the bumper, an air dam reduce aerodynamic lift at speed and underline the cars' remarkable stability and impressive roadholding.

Even the door mirrors are specially contoured to deflect spray and dirt away from the side windows.

Road noise, too, is suppressed not just by layers of insulation, but by the suspension itself.

Springs and shock absorbers, for example, have been mounted closer to the wheels than is customary.

They react faster, and more effectively to the smallest movement and successfully iron out those irritating small bumps that can be so intrusive.

While the bodywork itself has a natural resonance too high to be excited by road vibrations.

The engine, a silky 2.8 litre 140 bhp six-cylinder unit, is additionally steadied by two diagonally positioned hydraulic dampers for further smoothness.

And automatic transmission is, of course, standard on both cars (with manual available at no additional cost).

Inside, the Royale is one of the few cars that allows the driver to achieve not just a good driving position, but the ideal one.

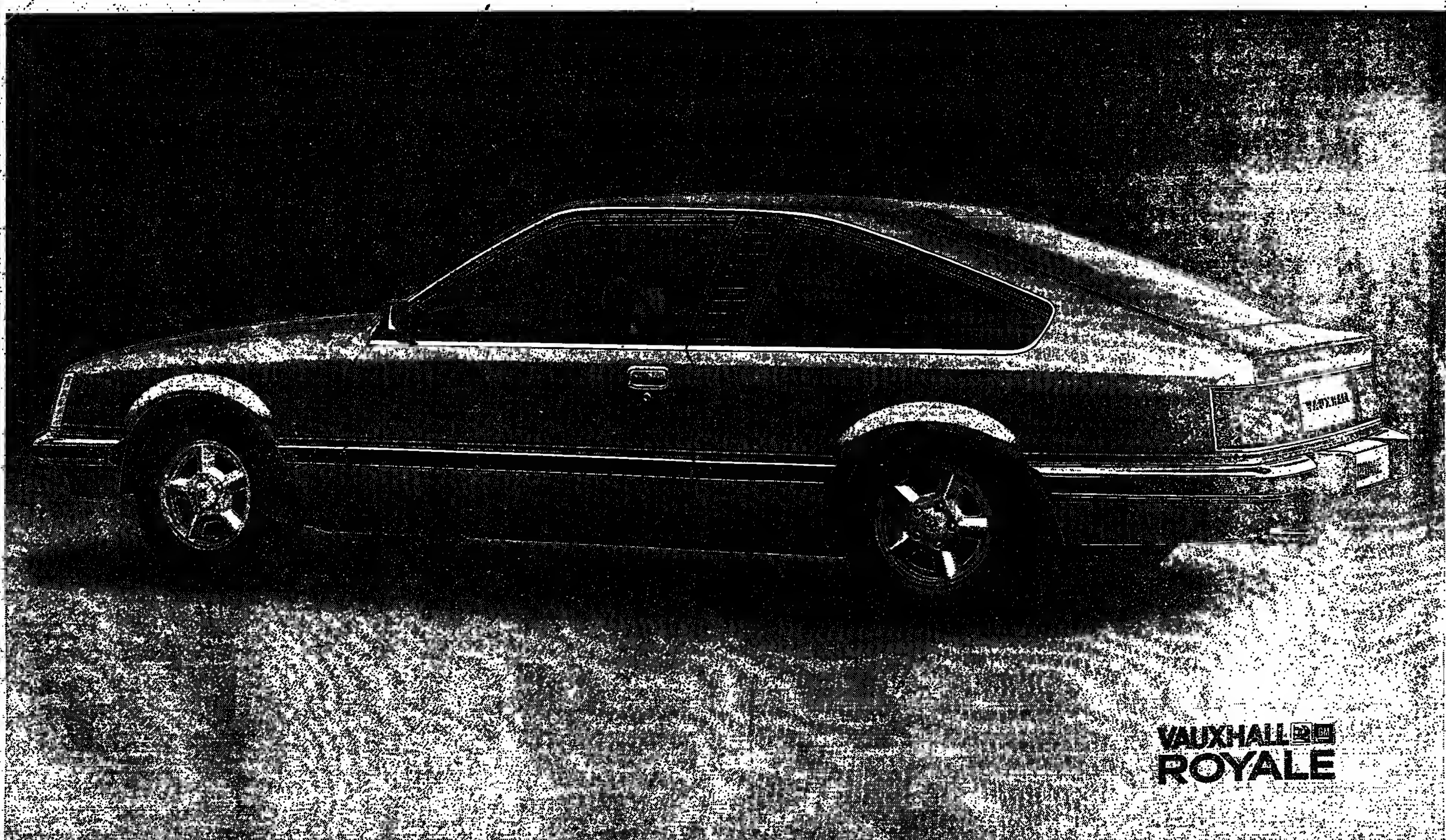
You can adjust the driver's seat for height, as well as for reach and rake and the steering wheel is tiltable.

As you'd also expect, the steering is powered.

Examine a Royale at your nearest Vauxhall dealer, and don't simply be seduced by the lavish specification.

You'll find it's one of the few cars where luxury is more than just a question of appearances.

AIR CONDITIONING IS THE ONLY OPTIONAL EXTRA AT £825. SALOON £10,100, COUPÉ £10,647. PRICES, CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX AND VAT. DELIVERY AND NUMBER PLATES EXTRA.



UK NEWS

Lords to rule on mortgage issue

By Raymond Hughes, Law Courts Correspondent

BANKS, building societies and others who lend money on the security of residential property will be affected by the outcome of an appeal that began in the House of Lords yesterday.

The Law Lords are being asked to rule whether, when lending money to a man on the security of his home, a mortgagee must obtain the wife's consent to the mortgage, even when the husband is the sole registered owner of the property.

Williams and Glyn's Bank is appealing against the Appeal Court's refusal in March last year to grant the bank possession orders in respect of the homes of two businessmen who had failed to repay loans advanced on the security of their homes.

The bank's claims for possession had been contested by the men's wives on the ground that they had a beneficial interest in their homes which protected them against eviction. Neither wife had been consulted by her husband or the bank before the mortgage was granted.

Lord Denning said in the Appeal Court that anyone who lent money on the security of a matrimonial home should realise that the wife might have a share in it. It was wrong for a mortgagee to turn a blind eye to a wife's interest and afterwards seek to evict her.

Mr. Donald Nicholls, QC, for the bank told the Law Lords that the case had far-reaching implications and was important both to those who lent money on the security of residential property and to everybody who bought a house.

The hearing continues today.

Giltspur bid to exploit electronics

By Elaine Williams

GILTSPUR, THE industrial services group, has set up a new division in its engineering company to enter the growing microprocessor applications market.

Based in Newbury, the new division, called Giltspur Microprocessor Systems, will provide consultancy and design services for companies in areas such as process control, aerospace and civil engineering.

● NEWS ANALYSIS—RAYMOND HUGHES ON CROWN PRIVILEGE

Lonrho's last chance to win disclosure battle

THIS WEEK Lonrho, the multinational conglomerate, will embark on its final bid to compel disclosure of documents it says are crucial to its multi-million pound damages claim over alleged Rhodesian sanctions-busting.

Lonrho will ask the House of Lords tomorrow to overrule decisions of the High Court and Court of Appeal that two categories of documents cannot be produced: those belonging to the South African, Mozambiqua and Rhodesian subsidiaries of Shell and BP, two of 29 oil companies being sued by Lonrho; and evidence and submissions by Shell and BP to the Bingham inquiry into sanctions-busting.

It was on the latter claim that Lonrho came up against the doctrine of Crown privilege, the Government having declared that disclosure of the Bingham documents would be contrary to the public interest.

Lonrho is not the only company to fall foul of the doctrine recently. Burmah Oil has twice failed to obtain production of documents it said it needed if it was to get justice on its pending claim that an "unconscionable bargain" was imposed on it by the Bank of England when the Bank bought Burmah's stake in BP at what Burmah contends was an undervalue.

In Burmah's case the documents were Whitehall papers passing within or between Government departments. The House of Lords upheld a Crown privilege claim in respect of one set of documents. A High Court judge later ruled against Burmah in respect of others and it is understood that the company does not intend taking the matter further.

Neutral

Burmah's case was distinguished from Lonrho's by the fact that the Bank adopted a neutral stance on disclosure, leaving Burmah to fight the Crown. Lonrho is opposed by Shell and BP as well as the Crown in the person of the Attorney-General.

Crown privilege—or public interest immunity—is the rule of law under which disclosure of documents as evidence in legal proceedings may be precluded if the disclosure would be contrary to the wider public interest.

The rule dates from when Crown and Government were effectively indistinguishable. It was long recognised as a special privilege of the Crown, parallel to the Crown's right not to be sued. Both rights were deeply embedded in the Common Law.

It was not until the 1947 Crown Proceedings Act that it became possible for the Crown—ie, the Government or a Government department—to be made a party to litigation.

The Act also laid down how a privilege claim was henceforth to be made: by a Minister or senior civil servant, who had formally to certify that production of certain documents would not be in the public interest.

However, it was not until the case of Conway v Rimmer reached the House of Lords in 1968 that it was authoritatively established that the rule was not based on any privilege of the Crown and, indeed, that the term "Crown privilege" was misleading.

Justice

The proper basis was held to be the public interest in the non-disclosure of certain material otherwise available, hence the present designation as "public interest immunity."

The principle was also established in Conway that a claim to such immunity could be tested and, if deemed appropriate, rejected, by the courts.

The Law Lords decided that the Minister's view was not final; that it was for the court to weigh the two public interests involved: the need for the immunity and the need that all relevant evidence should be before the court if justice were to be done.

In the 19th centry it was maintained, with some success, that the prospect of disclosure of Government documents would inhibit the desirable candour of those involved in decision-making.

By the time of Conway v Rimmer that view was regarded as having little, if any, weight, and to be of doubtful validity.

But in his judgment in Conway, Lord Reid still felt able to declare that: "I do not doubt that there are certain classes of documents which ought not to be disclosed, whatever their contents may be. Virtually everyone agrees that Cabinet minutes . . . ought not to be disclosed until such time as they are only of historical interest. But I do not think that many people would give as the reason that premature disclosure would prevent candour in the Cabinet."

For Lord Reid, the most important argument against disclosure was that it would "create or fan ill-informed or captious public or political criticism." The business of government, he went on, was difficult enough as it was, and no Government could "contemplate with equanimity the inner workings of the Government machine being exposed to the gaze of those ready to criticise without adequate knowledge of the background and, perhaps, with some axe to grind."

Eleven years later, in the Burmah Oil case, a marked change of attitude was discernible among the Law Lords. Lord Keith of Kinkel felt that, in extreme cases, even "the most sensitive communications at the highest level" might have to be produced.

Exposed

"There can be discerned in modern times a trend towards more open Governmental methods than were prevalent in the past," he said, adding that it was for Parliament and not the courts to say how far that trend should go.

If it were to be publicly recognised in a public interest immunity case that justice had been done, it might be necessary for the inner workings of Government to be exposed to the public gaze.

"There may be some who would regard this as likely to lead, not to captious or ill-informed criticism, but to criticism calculated to improve the nature of that working as affecting the individual citizen."

In the same case Lord Scarman commented: "Is the secrecy of the 'inner workings of the Government machine' so vital a public interest that it must prevail over even the most imperative demands of justice? If the contents of a document concern the national safety, affect diplomatic relations or relate to some State secret of high importance, I can understand an affirmative answer. But if they do not, what is so important about secret government that it must be protected even at the price of injustice in our courts?"

Nevertheless, Lord Keith and Lord Scarman joined their fellow Law Lords in dismissing Burmah's appeal, on the grounds that the documents at issue contained nothing of sufficient relevance to make their disclosure necessary if Burmah's action was to be fairly dealt with.

In Lonrho's case the Court of Appeal took the view that the public interest to be protected was the desirability that future Government-instituted inquiries like Bingham should not find important witnesses reluctant to give their full and frank co-operation for fear that their evidence might later be made public in litigation.

Lord Denning said that Shell and BP had been assured that their evidence would be confidential and that it was of the highest public interest that that confidentiality should not be broken by "specious argument."

Standards

Lord Justice Waller said great harm would be done, not only to future inquiries but also to political standards of behaviour if confidentiality were broken.

It is against that background, and those judicial views, that Lonrho will make its final plea to the Lords. Failure will not be a disaster for the company. Shell and BP has already disclosed something like 180,000 documents which, in Lord Denning's view at least, should be ample to establish whether or not, as Lonrho alleges, the oil companies engaged in sanctions-busting in conspiracy with the then illegal Rhodesian regime.

Metal Box to invest £15m in can plant at Carlisle

BY LISA WOOD

METAL BOX, the largest can producer in the UK, is to invest £15m in a plant to use different raw materials in a switch-over period of three to four days.

The plant, at Carlisle in Cumbria, will use either tinplate or aluminium for making two-piece 16 oz beer cans.

Metal Box said that, as far as it knew, the "swing-line" was the first capable of the technical changes to use either material in such a short period.

During the steel strike, Metal Box was embarrassed by its dependence on British Steel tinplate and had to seek emergency supplies from abroad.

The new facilities should start production in the winter of 1981-82 and will be built next to a beer can plant making three-piece cans.

The company said it would phase out some three-piece lines, but the 770 staff would work in the new plant.

The 16-oz beer can has been one of the UK's fastest growing markets. In the 1970s it was estimated the industry achieved 16 per cent growth per annum. Metal Box, which has about two-thirds of the beer can market, hopes the new plant will increase its market share.

Low demand hits British Steel

BY ROY HODSON

A SLOWDOWN in demand for steel is causing concern throughout the EEC and is likely to impede the British Steel Corporation's recovery following the three-month strike.

Total EEC steel output in March was 9.4 per cent down on the same month in 1979 according to new figures from the International Iron and Steel Institute.

The institute view is that the fall indicates "the beginning of a slowdown" in spite of the abnormal reduction of output in Britain during the period due to the steel strike.

The new 10,000 tonnes-a-day British Steel blast furnace on Teesside has begun making saleable iron again well ahead of schedule.

But the corporation now fears that depressed demand for steel will start to constrain its production quite soon.

The EEC steelmakers produced 11.48m tonnes of steel in March compared with 12.68m tonnes in March, 1979. During the first three months of this year production in the EEC has been running at more than 5 per cent below the levels of a year ago.

Steel production throughout nations in the western world so far this year is running at about 1 per cent below the levels of a year ago. Demand slackened noticeably in March and overall production fell by nearly 5 per cent in the month, compared with a year earlier.

Both the U.S. and Canada have registered sharp reductions in output compared with March, 1979. One of the few increases in steel production by a national industry was in Japan where output rose by more than 3 per cent in March

Adviser for Merseyside

MR. ROY EARNSHAW, an adviser to the British Overseas Trade Board, has been appointed London office economic adviser to Merseyside County Council.

Coral in talks on U.S. venture

BY ANDREW FISHER

CORAL LEISURE GROUP is holding talks with its U.S. Partner, Hardwicke Companies, this week on whether the British company should continue to participate in a major casino and hotel venture in Atlantic City, New Jersey.

Hardwicke's chairman and chief executive, Mr. Charles Stein, is in London fo rtalks with Coral, whose four London casinos were raided by the police last November.

The police action against Coral has already held up the financing of the project.

Coral owns a 20 per cent state in Hardwicke, whose other partners in the venture are CDI Corporation and John Best Associates. So far, about half of the $120m (£55m) financing for the project has been raised.

Mr. Stein said yesterday that other companies in the U.S., Europe and South Africa had expressed interest in joining the project if Coral, which would also manage the casino/hotel complex, ha dto pull out.

Under the original agreement, the UK group would play a key management role in the project. If Coral withdraws, its 20 per cent stake in Hardwicke would probably be sold to any new member of the consortium, said Mr. Stein. But not serious talks had yet been held with other potential participants.

He said the Casino Control Commission was keenly interested in Coral's situation, but is not making any decision as to its acceptability in Atlantic City until it has more facts. Charges have been laid against several Coral officials and em-employees since the raids.

Coral's problems with its casinos follow those of Ladbroke Group, which has had to close three clubs in London. Hearings on the application by the police and the Gaming Board to have the licence of the fourth, at the Park Tower Hotel, cancelled, are now due to start on April 29.

EAST MIDLAND PRESS EXPANDS

East Midland Allied Press has purchased Falford, which owns seven retail newsagent shops in the East Midlands area.

The consideration paid was £342,153, satisfied by the payment on completion of £192,153 cash and the issue of 200,000 "A" ordinary (limited voting) shares.

Industry's net borrowing reaches record £6.3bn

FINANCIAL TIMES REPORTER

THE NET borrowing of UK industrial and commercial companies was £1bn lower at £2.7bn in the second half of 1979 than in the first half. But this leaves net borrowing in 1979 as a whole more than two and a half times greater than it was in 1978.

After allowing for inflation, the £6.3bn borrowing requirement was marginally higher than the previous record of £6.1bn in 1974.

The figures, released by the Central Statistical Office yesterday, have been adjusted by £1.4bn to take account of higher VAT collected but unpaid, and delays in the payment of telephone bills.

Net borrowing in the second half of the year was financed mainly by borrowing from banks, although this fell 38 per cent from the previous six months.

Borrowing from other sources, at £0.3bn, was £1.4bn lower, and acquisition of liquid and other financial assets, at £0.4bn, was £1.6bn lower. This is mainly explained by exceptionally large figures in the second quarter of the year.

Undistributed income of industrial and commercial companies in the second half of 1979 was £500m lower than in the previous period, due mainly to the sharp rise in dividends—mainly by oil companies—which increased 70 per cent to £2.5bn.

Total income of companies in the second half of the year was £17.3bn, against £15.8bn in the previous six months. Measured by their net acquisition of financial assets, industrial and commercial companies are judged to have had a deficit of £2½bn in the second half of 1979.

Long-term indicators decline

FINANCIAL TIMES REPORTER

THE BRITISH economy, which stopped expanding in the middle of last year, is not now expected to hit the lower point of the recession until well into next year, at the earliest.

This is the broad message in the latest batch of cyclical economic indicators released by the Central Statistical Office yesterday.

Its composite index of longer leading indicators, which looks ahead to turning points in the economy in 12 months time, declined slightly further in March.

The decline reflects the sustained upward movement in interest rates, which was offset by a small rise in share prices. Housing starts fell again in February. The statistical office says the index now seems to be continuing the downward movement observed in most of 1979.

The composite index of shorter leading indicators, which points to economic prospects in the next six months, remained unchanged in February. A slight downward movement in the smoothed series for new car registrations just balanced an upward movement in new credit extended.

Inclusion of company profits for the final quarter of 1979 has not altered the downward direction of the index.

These figures also show that after an artificially high point in the second quarter of 1979 economic activity fell back and has remained broadly unchanged since August.

British Shipbuilders appoints new marketing executive

BRITISH SHIPBUILDERS has appointed Mr. James Gilfillan to the new post of managing director (merchant ship marketing).

Mr. Gilfillan said yesterday that his appointment did not reflect any major change in British Shipbuilders' marketing efforts. His job was to investigate the market's needs and assist in assembling financial packages. Individual yards would continue to follow up enquiries.

Mr. Gilfillan will continue as chairman of Sunderland Shipbuilders for about a year but is now based in London. Mr. Herbert Rice, hitherto deputy chief executive of the Sunderland group, takes over as chief executive.

Islamic works of art go well

SALEROOM

BY ANTONY THORNCROFT

DEMAND FOR Islamic works of art is not what it was, but now that both vendors and salerooms are more cautious in their reserves the sales can go quite well. Sotheby's began it annual spring series of auctions yesterday with another collection of items from the Hagop Kevorkian Fund and, because of their good provenance, all but one per cent sold for a total £243,963.

The top prices, however, were for two Indian Mughal miniatures of the early 17th Century. These are collected in the West rather than by Middle Eastern buyers. Significantly, Spink paid £17,000, well above forecast, for a miniature of a holy man listening to an archangel, and Colnaghi £16,000, double the forecast, for a ruler receiving a delegation.

An Iranian dealer bought an illustrated Bukhara manuscript of 128 leaves, dated about 1535, for £14,000. An Iranian private collector paid the same sum for a portrait of a pensive youth, signed by Riza-I Abbasi, an early 17th-century Isfahan work. As usual in recent sales calligraphy did well, a page of 17th-century writing, Mughal, signed Ali Al-Katib, sold for £4,800.

A Chelsea group of Tyrolean dancers, modelled by Joseph Williams after the Maissen original by J. F. Eberlein, dated 1755, sold anonymously for £10,000 at Christie's yesterday in a sale of English porcelain which totalled £121,243.

Winifred Williams, the London dealer, bought a Derby yellow ground cabinet cup and saucer painted by George Complin, for £4,200 and paid £4,000 for similar item of the same period — about 1790. A Chelsea white acanthus leaf-moulded pear-shaped jug with simulated bamboo handle, of about 1745, when for £3,000, also to Winifred Williams.

Reaction to lease order planned

BY JOHN MOORE

LAWYERS for Lloyd's of London underwriters are planning the next round in the legal campaign to resist $23.6m (£10.6m) computer leasing insurance claims made by Federal Leasing of the U.S., after a setback in the U.S. courts last week.

The lawyers have studied a 35-page opinion and judgment by Judge Alexander Harvey, a U.S. district judge, in which he ruled that Federal Leasing, a computer leasing company, was entitled to a preliminary injunction. The judge ruled that underwriters comply with terms of an agreement drawn up in March 1978.

Under the agreement, underwriters would honour claims and pay them across to Federal Leasing's backers, which had staked its operations and participated in leasing schemes.

In return, Federal agreed to pay across to underwriters proceeds from remarketing computer leasing equipment traded in by customers.

The computer leasing insurance scheme involved other leasing concerns and is expected to produce the largest series of losses in Lloyd's history—more than £156m. It protected leasing companies against customers terminating their leases before the contract date. If they did, the company could claim on its insurances and cover obligations to its backers.

New IBM models came on to the market in the late seventies accompanied by large price cuts on existing equipment and leasing companies found their customers traded in existing models earlier than the contract date. So the leasing companies claimed on their insurances.

In his opinion, Judge Harvey said underwriters have argued that Federal Leasing misrepresented the facts concerning some transactions because "when some of the cover notes were issued, Federal Leasing was aware of circumstances which would have caused the users to cancel."

Judge Harvey said "this argument is inherently implausible. Federal Leasing would have little to gain and much to lose if it entered into a transaction knowing or believing from the outset that the user (of the equipment) intended to exercise its right of early termination."

He said Lloyd's underwriters, being sued by Federal for payment of claims, assert the initial policy was void from inception "because of misrepresentations made by the plaintiff at the very outset" and that $15m claims already paid "have been improperly paid."

"It strains credulity to believe that the misrepresentations claimed, if in fact they existed, could not have been discovered during the five years from 1974 (when the first of the policies was issued) and 1979, when the suit was filed."

The judge said that between September, 1974, and August, 1976, underwriters declined new business, while thoroughly and extensively reviewing the new class of business and underwriting risks involved.

"Not once was it suggested that the basic policy issued to Federal Leasing was the result of fraud.

The judge said the processing in good faith of certain claims may disclose that they should not be paid by underwriters. Further investigation may be necessary.

"If sound reasons exist for declining to pay a claim, underwriters would not be required to make the payment in question."

Lawyers for Lloyd's and Federal are attempting to agree an order for implementation of part of the injunction.

1979 · A year of Substantial Achievement for The British National Oil Corporation

In 1979 BNOC moved out of its initial development phase and began to contribute substantially to the nation's wealth.

In 1979 BNOC:

Made a profit before tax of	£75 million
Produced and sold oil and gas worth	£265 million
Made total sales including participation oil of	£3,245 million
Increased its offshore exploration and development expenditure to	£221 million

Since it was established in 1976 BNOC has spent over £1,000m in exploring for and developing Britain's oil reserves. By the end of 1979 it was no longer drawing Government funds to finance its development, and it is now a large and growing net contributor to the Exchequer.

BNOC now employs over 1,400 people – 85% of them in Scotland. The growing scale of its activities – production from the Thistle field, construction of Beatrice, including a shore terminal at Nigg Bay, investment as partner in 7 other fields, and increasing exploration and appraisal – ensures continuing challenge and opportunity in Britain's national oil company.

Copies of the Corporation's Annual Report and Accounts are available from: The Secretary, The British National Oil Corporation, 150 St. Vincent Street, Glasgow G2 5LJ.

BNOC

The British National Oil Corporation

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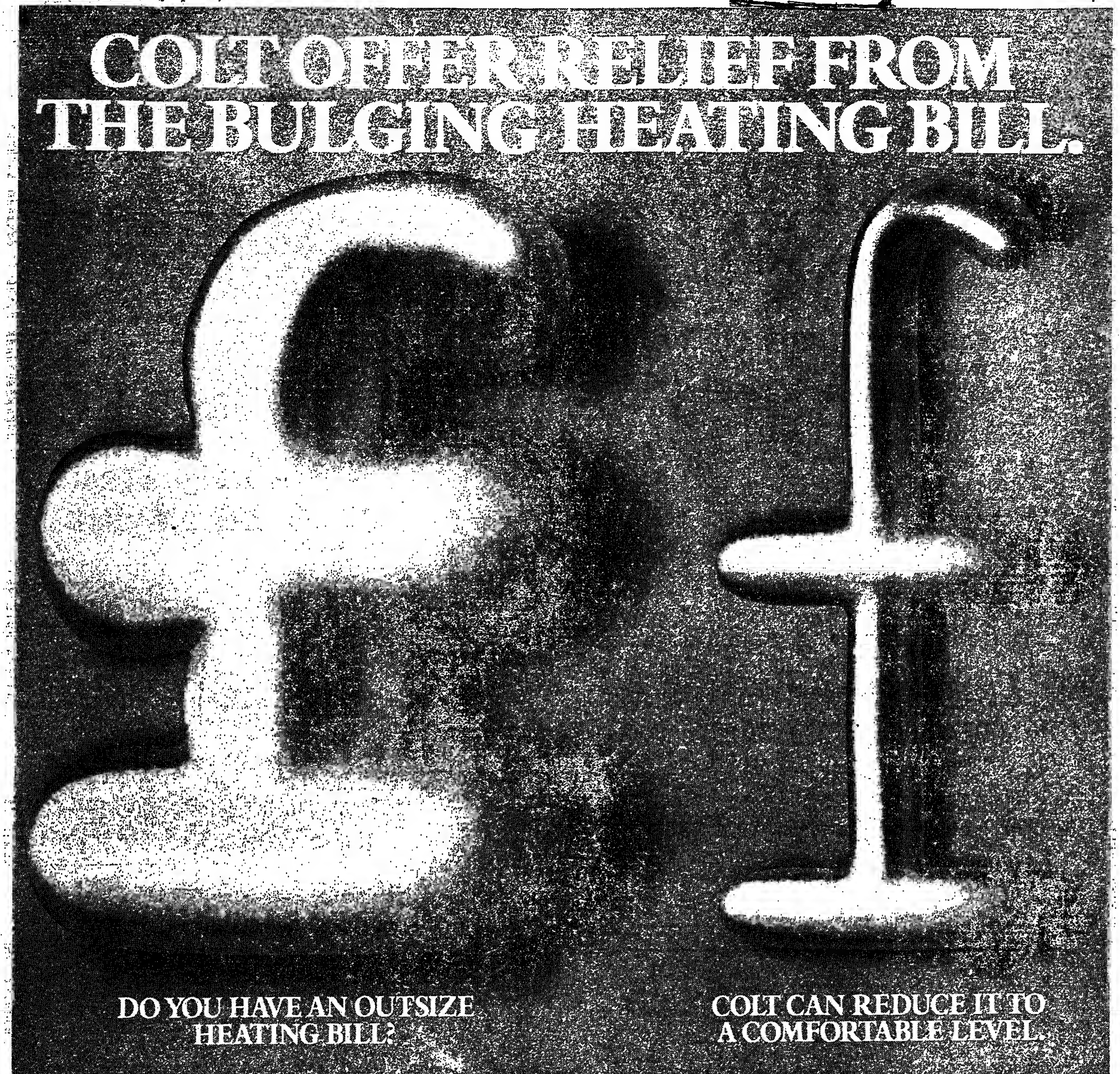


If your fuel bills have been bulging in the past years, they're going to be inflated to bursting point next winter.

Since this time last year, heating oil has increased in price by over 65% and next winter you will probably be paying even more.

What can be done about it? Plenty.

Since the 1974 oil crisis, we at Colt have worked hard to make both our ventilation and heating schemes as energy and cost-saving as possible.

For example, when we're called in to look at a heating problem, we start with a free energy survey so as to minimise costs from the outset.

In the case of an Essex company, for an initial capital outlay of £5,000 we're now saving them £6,000 per annum at 1980 prices.

Then, there's the Colt Optimiser. This automatically adjusts the switch-on time in your factory to suit the weather (thus, for the majority of the winter, you can cut down on your heating-up period).

Another way we can save you money, is with our Instant Change-over Dual Fuel Heater which enables you to choose the cheapest fuel available at the flick of a switch.

So, you can take advantage of interruptible gas tariffs when possible, switch to oil when it's available, or conserve it for manufacturing purposes.

And if you have to ventilate in the winter, to extract dangerous fumes, our Conditionair system re-cycles the air without losing valuable warmth in the process.

(We even have an easy-to-fit conversion kit to draught-seal existing ventilators.)

Finally, our Service Agreement protects your investment by ensuring that your heating equipment is checked twice a year, and that you get the immediate security of our 24 hour emergency service.

At the present moment we are helping hundreds of companies look forward to a warmer, easier, cheaper winter ahead.

Why not join them? With our help, you need never watch your bills go sky-high again.

Colt International Ltd. (Health and Safety at Work), Havant, Hants PO9 2LY. Phone: (0705) 451111. Telex: 86219.

GLOOM IN GOLD BUT A SILVER LINING AS BULLION PRICES DROP

Jewellers' six-year boom is over

BY DAVID HOLMES

THE RECENT boom in gold and silver prices has hit trade in new jewellery so badly that manufacturing goldsmiths are now in very serious tronble, with three-day and even two-day weeks almos tuniversal, and lay offs and part-time working widespread.

The amount of gold and silver jewellery submitted to British assay offices fo rhallmarking fell in the first quarter of this year to its lowest level since 1974, and the weight and number of articlea was nearly half the comparable figure fo rthe first quarter of 1979.

The assay offices in London, Birmingham, Sheffield and Edinburgh ballmarked 4,058,951 articles of gold, silver, and platinum In the first three months o fthis year.

The offices are working considerably under capacity, and the Birmingham office is still inactive because of a strike over 43 redundancies caused by the shortage of work.

The high an dfluctuating price of gold and silver has made retail jewellers reluctant to take in new stocks and risk losing money on a fall in the price.

The gold and silver boom peaked during the height of tha retail sales season, and retailers were thus able to raly on existing high stocks pending a stabilisation of prices.

But although prices have fallen considerably — gold peaked at around $850 per ounce and is now down to around 500; silver is down to £6.6 from a high of just under £22—they are still extremely volatile and changes in either direction are virtually impossible to predict.

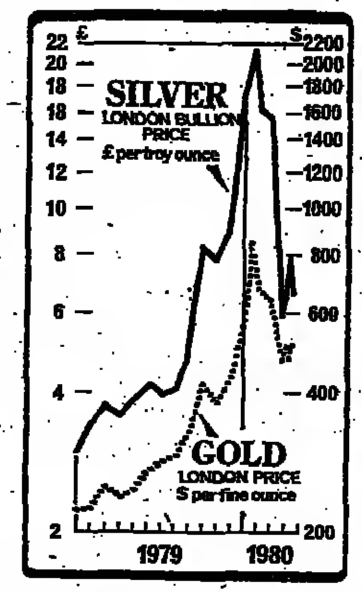
Retailers are still reluctant to invest in large stocks. H. Samuel, Britain's largest retail jewellers, described the trade as "nervous." Consequently, demand for the products of manufacturing goldsmiths and silversmiths has fallen sharply.

Mr. John Najmamm, a partner of Fred Manschaw, one of the largest manufacturing goldsmiths in the country, is pessimestic about the future, even if metal prices stabilise.

"There is not a single mannfecturer who is not on e three-day week," he said. Dismissals were becoming widespread, and with April, May and June traditionally the slackest part of the industry's calendar, things would only get worse in the immediate futre.

Mr. Najmamm said the problems was exacerbated by the fact that the industry had enjoyed a boom over the past six years, with output rising steadily from 1074 to November of last year.

During this period many small firms had joined the market and sold as much as they could produce. Such firms were now in a particularly difficult situation because, unlike larger companies, they could not rely on assistance from retail traders,



who are anxious to protect their aupplirs.

Mr. Najmamm thought trade would not recover to its previous level, even if gold and silver prices stabilised, because retailers would tend to concentrate on the value of their sales more than the volume. He believed British manufacturers had roughly twice the capacity they would need in the future.

Retail film prices unlikely to fall

BY ELAINE WILLIAMS AND LISA WOOD

RETAIL PRICES of photographic materials are unlikely to fall despite the dramatic drop in the price of silver in the past few weeks.

The photographic industry is the second largest user of industrial silver, consuming 25-33 per cent.

In early 1979 silver sold for between £2 and £3 per troy ounce. In January this year the price climbed to nearly £22 per ounce. Manufacturers of photographic materials, after absorbing the price increases for some months, announced in the New Year rises in the cost of their films and photographic paper of np to 80 per cent.

Depsite the latest fall in price to between £6 and £7 an ounce there has been no attendant reduction in the price of films and photographic materials.

Kodak, which announced price rises of between 10 and 80 per cent in January, said this week: "During the latter part of 1979 and the early months of 1980 we experienced unprecedented increases in the costs of many raw in the costs of many raw materials, particularly silver.

"As a result of these increased aggregate costs the prices of our products were increased. Subsequently the price of silver has dropped. The latest price is still well above the £2 to £3 per ounce for which silver was sold in early 1979.

Impact

"It should now be emphasied that while important, silver is only one component of our aggregate costs and the costs of other raw materials and general costs of doing business must also be considered.

"It is erasonable to expect that if our costs in the aggregate change dramatically, then the impact, either u por down, will periodically be reflected in our prices."

Kodak like other manufacturers in the industry, is unwilling to alter prices until a longer view of the state of the silver market can be safely predicted. Ilford, which increased its prices between 20 and 60 per cent depending on the silver content of the product, said: "Silver will have to stay at a stable level before we can adjust prices.

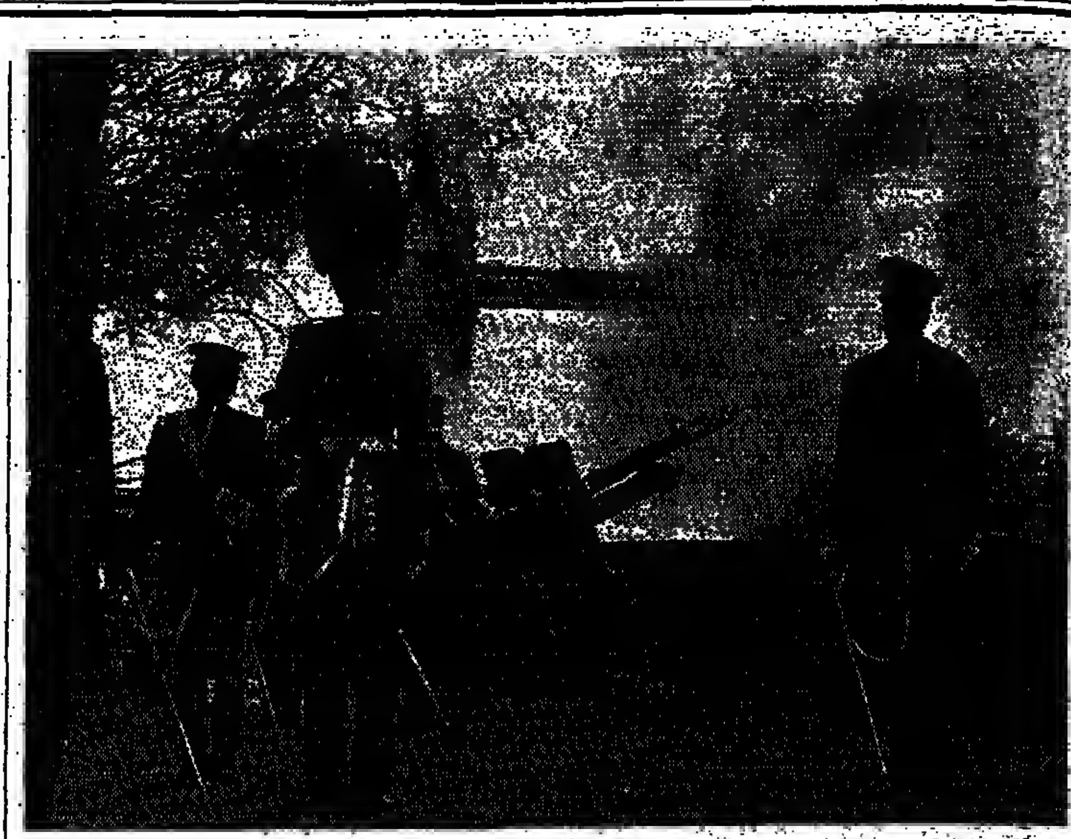
Agfa Gevaert, which markets but does not manufacture photographic materials in the UK, said that because silver's price bad dominated its thinking so much if late it was only now fully costing-in the latest prices of other raw materials — particularly oil. Any price adjustments would have to take account of rises in these other raw materials.

But Agfa has in the past few days reduced prices of X-ray materials by up to 10 per cent. X-ray materials, with one of the highest silver contents, rose in price by up to 70 per cent this year.

Manufacturers report a slight fall in trade from hospitals but say any real decrease in the use of X-ray materials can only be ascertained during the next year. This is because some hospitals stockpiled supplies when increases were announced.

Kodak bas been encouraging hospitals and other large users, to either recycle the silver themselves or to use services provided by specialist silver recovery services. In 1978 60 per cent of the world's silver was derived from primary sources while the remainder was recycled.

The pbotographic industry is worried whether the consumer will buy fewer films as a result of the increases.



TROOPS at the Tower of London fire a 62-gun salute to celebrate the Queen's birthday.

The salute yesterday, under the command of Major Tim Lloyd Davies, was fired by III Squadron, Honourable Artillery Company, of which the Queen is Captain General.

The part-time soldiers, who belong to Britain's oldest regiment, undertake ceremonial duties in the City of London, as well as training for operational service with the British Army of the Rhine.

In a private ceremony before the salute, representatives of the Royal Artillery made a presentation to mark the 900th anniversary of the White Tower. General Sir Harry Tuzo, Master Gunner, accompanied by Major General Tim Streatfeild, Director Royal Artillery, and Major General John Cordingly, Controller Royal Artillery Institution, presented a 250th anniversary plate to the Constable of the Tower, Field Marshal Sir Geoffrey Baker, and the Governor, Major General Giles Mills.

'Folly of a high order' to block Belvoir plan

FINANCIAL TIMES REPORTER

BLOCKING the development of the Vale of Belvoir coalfield would be "folly of a high order, aaidd Mr. Robert Alexander, QC, for the National Coal Board yesterday in the closing stages of the Belvoir inquiry.

Mr. Alexander said the evidence available led to the irresistible conclusion that the Coal Bord's applications to win more than 500m tonnes of coal from three new mines should be approved.

The arguments in favour of development were compelling: the growing worldwide demand for energy; the indications that supplies of oil and gas would become inadequate; and a vulnarability of OPEC oil supplles because of political npheaval.

Mr. Alexander said: "The last year has shown the consequences of such upheaval in Iran, and during the course of the inquiry there have been tremors in Saudi Arabla.

"Moreover, even where there is no dramatic interruption of supplies there is always the power—which is used from time to time—for a country to go back on supplies where it aerves the perceived interests of that country."

He addad: "It is perhaps not surprising that there is remarkable harmony between those who have any responsibility for managing economies and formulating policy that there is an urgent need for a vigorous energy policy. This embraces greater conservation and the production of more coal. All these are complementary to each other."

In support of his arguments Mr. Alexander quoted statements by past and present governments, the EEC, the International Energy Agency and the industrial nations at the Tokyo summit.

"It is because everybody with responsibility is so clear the need for coal exists that we feel bound to comment, somewhat critically, as to the reasons which have impelled Leicestershire County Council and the Alliance to challenge the blatantly obvious and so extend the time taken over the inquiry and increase its expenditure."

Mr. Alexander argued that big increases in productivity could only come from new mines. He said objectors would have the industry "grouting around in odd corners for small quantities of uneconomic coal." Opponents inconsistently argued that demand for coal would fall, but uneconomic pockets of it would become economic.

Mr. Alexander accused certain objectors of castigating the Coal Board's proposals in such extreme terms as to destroy the whole cradibility of much of the opposition.

He quoted the advocate for Melton Borough Council, Mr. Gilbert Gray, QC, as saying that "a heavy industrial revolntion would convulse the Vale of Belvoir and sweep into history all that we think that is finest and best in the English shire." Mr. Alexander said the statement was worthy of an Elizabethan actor-manager's declamation to his groundlings, but bore no relation to the reality of the case.

Relinking Irish grids 'could save £3m a year'

By Our Belfast Correspondent

RECONNECTION OF Northern Ireland's electricity grid with that of the Republic would save about £3m a year on fuel, the province's economic council said yesterday, in a report on energy conservation.

An interconnector between the province and Britain would yield bigger savings, but require mnch greater capital expenditure.

There was a strong case for thorough, examination of the costs and benefits of connecting Northern Ireland's system with those of both Britain and the Republic, said the report.

The Government has already agreed that the Northern Ireland Electricity Service should again try to link with the Republic. The interconnector was damaged by Provisional IRA bomb attacks in 1975 and, since then, attempts to repair it hava been thwarted by terrorist activity.

The report recommended further study of energy-saving methods, including the use of waste beat from power stations for district beating, borticulture or fish farming, and establishment of a bottle bank and glass-recycling scheme to make glass firbe insulating material.

New safeguard against raiders

A BULLET-PROOF steel shutter system designed to thwart armed robbers at banks and other premises will be introduced to Britain later this month.

The deterrent, which has already foiled 80 armed robberies in France and Ireland, can, at the touch of a button, aend up a two-incb thick steel screen between the cashiers and the raiders.

Trusthouse Forte

In yesterday's article on the Queen's Awards for Exports, Trusthouse Forte's activities mistakenly listed as motels and catering instead of botels and catering.

Maplin backed as London terminal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

REVIVAL OF the Maplin offshort site for the proposed Third London Airport has been nrged by the Town and Country Planning Association.

The association, in a policy statement yesterday, said it "would gladly endorse any application by private interests to build an airport at Maplin." It is opposed to the development of Stansted as the Third Airport for London.

The association argues that an airport at Maplin would be a "Godsend to London," helping the economic revival of the East End of the metropolis.

"If, as seems possible, a seaport were added to this urban region ao much the batter."

In effect, the association is seeking the revival of the overall Maplin plan for both a major airport and a new seaport to replace the existing docks at Tilbury, which was cancelled by the Labour Government in 1974.

Mr. David Hall, director of the association, said yesterday that "future generations will never forgive us if the third London airport goes to Stansted. The association wants the airport at Maplin because it will provide massive economic and environmental benefits, including the only hope of ever reducing the pressure on existing airports."

The association argues that the recent Government reports on the siting of the third airport "suffer from exactly the same inadequacy as the interdepartmental committee which originally recommended Stansted in the mid-1960s.

"The letest studies expressly take little account of tha indirect urban consequences of any airport and thus the proceedings of e private (virtually a secret) inquiry bave failed to elucidate the planning context of an airport."

The association is calling for a wide-ranging inquiry, preferably based upon a planning application for an airport at Maplin, rather than on the proposed development of Stansted, for which e public planning inquiry is expected to start later this year.

Such an inquiry, says the association, should scrutinise air traffic demand forecasts, the energy costs of aircraft, licensing policy, and above all "the kind of London that this airport is meant to serve."

Briton to head joint UK-Japan air venture

By Our Aerospace Correspondent

MR. ASHLEY RAEBURN, a vice-chairman of Rolls-Royce, was yesterday appointed the first chairman of the newly-established joint company, Rolls-Royce and Japanese Aero-engines.

The company has been formed by Rolls-Royce and the three main Japanese engine companies, Ishikawajima-Harima Heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries, to develop and manufacture the new RJ-500 engine of 20,000 lb thrust for the next generation of short-to-medium range jet airliners.

Work on the new engine is already under way in both Japan and at the Bristol factory of Rolls-Royce.

There is no order for the engine, but a number of likely uses are being explored by the new company, including the possibility of it being used by Boeing in e new version of the 737 short-haul jet and by Fokker of Holland in its proposed new F-29 short-range jet

Machine tool prospects improve

BY LORNE BARLING

BRITAIN'S BIGGEST-EVER macbine tool exhibition opens today with UK manufacturers optimistic that their fortunes are improving, in spite of what many regard as a serious failure by the electronics sector to provide equipment crucial for world-wide competitiveness.

With the main development thrust contentrated on computer numerically-controlled equipment, British companies are baving to rely beavily on American, Continental or Japanese electronics.

Mr. John Halbert, president of the Machine Tools Trade Association, said yesterday that he believed e joint approach by the major British mechine-tool companies to GEC, or perhaps Racal, was necessary to generate innovation in electronics.

Even a successful approach, he said, would initially leave Britain far behind the U.S. and Japan. Th eonly hope would be to leap-frog the technologies in those countries.

There was no shortage of technical expertise in Britain, as was demonstreted by the number of successful smaller concerns. But this needed to be developed, perhaps through takeovers, by companies which could provide worldwide support to customers.

Although the industry was now buying in electronic equipment from companies such as General Electric and Allen-Bradley in the U.S., Siemens and Philips in Europe, and Fanuk in Japan, tha price of Japanese goods was said to be up to 40 per cent more than in the domestic market.

Mr. Halbert said that British companies were the first in this field some years ago, but it had been "treated as a boffin's paradise." He said that a far more commercial approach was needed.

It was felt that unless some progress in the area was made soon, the way would be open for foreign companies to set up manufacturing facilities here.

Although it is ragued that expensive research and development in bte UK is hardly justified by the comparatively low-volume machine tool industry, such e move would reduce electronic capability in the field.

However, given this prospective handicap, companies at the exhibition — at the National Exhibition Centre — generally believed that export prospects were good. This was particularly the case in the U.S., where the booming aerospace industry and the re-equipment in Detroit for smaller cars was creating demand.

Few companies were experiencing currency-related problems, mostly because their products were highly specilised. Long-standing marketing arrangements, often through associated companies, were also proving valuable.

Overall, the industry's export prospects for this year seem better. Mr. Halbert predicted thet the balance of trade in machine tools would be positive, following e deficit of about £60m last year.

It is estimated that equipment worth £100m is on display at the exhibition and the total cost of the even is about £10m. About 5,000 products have been shipped in, with a heavy emphasis on electronic but simple-to-operate machines.

Concern over lack of young trainees entering the industry is reflected in a major presence by MTTA's training staff. About 23,000 young men and women, plus a large number of instructors from training establishments, are likely to visit the exhibition.

New Issue
April 22, 1980

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PM's plea to industrialists

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER urged industrialists and businessmen last night to pull their full weight to ensure that productivity improved substantially and was closely related to the level of wage settlements.

In her first major speech to an industrial audience since becoming Premier, Mrs. Thatcher told Birmingham Chamber of Industry and Commerce that Ministers were doing all they could to lay firm foundations for expansion. But success now depended on industry itself.

She praised fulsomely the attitude of Sir Michael Edwardes, chairman of BL, in his attempts to make the company profitable and in opposing unduly high wage demands, and urged other leaders of industry to speak out more.

"The Government has a crucial role in creating the climate in which industry can succeed." she said. "But when we have got our part right, success or failure still depends on how you perform in a competitive world."

Here the nub was productivity and unless productivity improved substantially, nothing else would help—neither reduction in Government expenditure, nor export credit, nor lower interest rates.

In her view, productivity was nine points of the law, and industrial wage levels must be related to it.

There was, however, a major question mark over how many of those who worked in industry fully understood this and the only way to drive the message home was for industrialists to become more active.

She was unable to reach the labour force effectively and so were Ministers and civil servants, but industrialists and managers were in touch with the workforce day in day out sharing the same problems.

"There are too many employees who do not know the real problems of their own companies," Mrs. Thatcher said. She realised that many industrialists were happier doing than talking but if they did not speak out, a vacuum was left that would be filled by others only too happy to exploit it.

She believed that willingness to explain, so that each worker was aware of the consequences of his own actions, was an essential part of leadership.

After a year in office, Mrs. Thatcher's view was that the Government's message was beginning to get across. There were many encouraging signs that workers industry were coming to recognise the connection between industrial disruption and loss of jobs.

One difficulty was that it was not easy to persuade of the seriousness of Britain' present economic problems without making the longer term prospects sound too depressing. But clearly the Government would not be taking unpopular measures unless Ministers were confident that they would lay the foundations for future recovery and prosperity.

"There is a bright future for this country of ours," she insisted. "How could there not be with our unmatched resources of energy, of enterprise and of skills?"

It was the job of the Government and of her audience of industrialists and businessmen to liberate those reserves and to give them full scope.

In a broad assessment of Government economic policies, the rime Minister said they were aimed at overcoming years of relative decline caused by too much Government, when Government's had spent too much, taxed too much and borrowed too much.

In addition, unsuccessful industries and businesses had been shielded from their own failures and finally there had been the attitude of many employees who had been too resistant to change, and too prone to restrictive practices.

Arthur Smith, Midlands Correspondent, writes: The importance of a strong BL to the future of the Midlands was impressed upon the Prime Minister by Mr. Joe Brown, president of the Birmingham Chamber of Commerce.

Mr. Brown spoke of the "depth of feeling" in the region for what Sir Michael Edwardes, BL chairman, and his team were trying to do.

"Despite all the problems of the moment, we sense in every level of BL management, and in a strong nucleus of the workforce, a greater resolve to see things through—and a strong enthusiasm for the potential of the new models in the pipeline."

Labour attack on North West policy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONSERVATIVES were accused yesterday of launching an "economic Blitzkrieg" against the North West region which includes Lancashire, Cheshire, Greater Manchester and Merseyside.

The charge came from Mr. Frank White (Bury and Radcliffe), speaking from the Labour front bench in the Commons during the opening of an Opposition debate on the problems of the North West.

He said that the textile industry in the region looked to the Government for a more positive policy than the one pursued since the General Election.

But the problems of the area went far wider than textiles. They included footwear, leather, paper and engineering.

"They all require a high degree of investment that will *not* be forthcoming from the private sector," said Mr. White.

He advised Government Ministers to talk to those in the "sharp end" of industry—plant managers, sales managers and marketing men. The Government should ask them which other country in the Western world was embarking on "this lunacy of free market forces and non Government intervention."

The other trading nations gave Government support to their industries and the result was that our international competitors were laughing at us. The Briton was alone in this "lemming-like" industrial attitude and the "fall guys" would be the industrial regions, particularly the North West.

That area contributed 11.3 per cent towards the gross national product. Yet the present Government had removed intermediate area status from 21 areas in the region while the working population covered by assisted areas had been drastically reduced.

"I warn the Government that their actions over the past 11 months are stretching the tolerance of the most moderate," he said.

The Prime Minister was playing a very dangerous game.

"You are pushing people too far—you are preparing the seeds of disruption," he declared.

The voters in the local elections on May 1 would deliver their own "censure motion" against the Government and would revolt against the reckless folly which had been perpetrated against them.

WHITE: "Economic Blitzkrieg"

A Conservative backbencher, Sir Walter Clegg (North Fylde) accused Mr. White of grossly exaggerating the problems facing the region.

He pointed out that Labour, when in Government, had a responsibility for the region as did many local Labour authorities at the moment.

Unemployment in the North West had risen under the last Labour Government.

"We should all realise that Government financial help is not in itself the solution," he said. "If we believe that we will believe anything."

A large amount of financial assistance had gone to Merseyside but it had not solved the problems there. Sir Walter believed that the Conservative Government policy of establishing free enterprise zones would be far more effective than pouring in money "subsidy upon subsidy."

There was a case for Government help, but there was no case for saying that it was the only answer. Some forms of aid were welcome, particularly the advance factories scheme.

"*But it is no good for us to* oprtray the North West as a downtrodden area," he insisted. "How on earth can we get people to come to if we are constantly decrying it?"

Howe moves to avert revolt on child benefit

By Elinor Goodman, Lobby Staff

THE CHANCELLOR last night seemed to have succeeded in taking some of the steam out of the threatened mini-revolt of Tory backbenchers tomorrow over Child Benefit.

In a letter to one of the MPs involved in formally co-ordinating the Conservative Child Benefit Lobby, Sir Geoffrey Howe promised that the Government had no intention of altering the "framework" of child benefit policy. He also reaffirmed the Government's commitment to its manifesto pledge on child benefit.

Sir Geoffrey was less forthcoming, however, on the future rate of increase for the benefit which some of the new Conservative MPs believe should be indexed to the increase in personal tax allowances.

He indicated that the Treasury was still working on a form of words which would allow him to be a little more fulsome about the Government's intentions without locking him into any firm commitment which he might come to regret.

Tomorrow, Sir Brandon Rhys Williams, (C. Kensington), is due to introduce a Ten Minute Rule Bill which would result in a bigger rise in child benefit this autumn than the 75p a week announced in the Budget, and also commit the Government to the future rate of increase.

The Bill never stood any chance of getting on the statute book but the Tory whips were working very hard last week to prevent other Conservative MPs supporting it.

Last night, Sir Brandon seemed relatively satisfied with the Chancellor's letter in so far as it made clear that the Government still regarded its manifesto commitment as binding. The signs were that if he did press ahead with his Bill, he would hope to avoid a division.

Prior faces backbench rebellion

BY ELINOR GOODMAN, LOBBY STAFF

MR. JAMES PRIOR, the Employment Secretary, will today try to draw the teeth of what threatens to be the biggest rebellion on the Conservative backbenches this Parliament with a promise to include the whole question of secret ballots and the closed shop in the working paper on trade union reform already planned for this summer.

And he will refuse to give the backbenchers the specific commitment they *want* to further legislation.

This means that a sizeable group of Tory MPs will almost certainly press ahead with their own amendment as a way of putting down a marker for the *future* and reminding the Government of the strength of feeling in the Party on secret ballots.

A big protest vote today would add to the pressures on the Employment Secretary in the summer to agree to tougher legislative action against the unions and make it more difficult for him to play for time with vague promises.

Last week 35 Tories defied the Party whips and voted for an amendment of their own to the Employment Bill which would have strengthened the proposed restrictions on secondary action.

Today Conservative MPs plan to press for a new clause to be added to the Bill providing for secret ballots to be made compulsory when demanded by 15 per cent of union members.

Support on the backbenches for this amendment is considerably more widespread than for last week's new clause which was backed almost exclusively by Right-wingers.

Over 100 Conervative backbenchers supported an Early Day Motion for Easter calling for this change and yesterday many of them were saying that they would support the new clause today unless Mr. Prior gave a definite promise of further legislation.

Mr. Prior is understood to have discussed the matter again with his colleagues at the Department of Employment yesterday. But they agreed that there should be no change in the Government's basic position despite the pressure from backbenchers.

In the same way, Ministers seem unlikely to give much ground tomorrow when another group of MPs—this time Liberal as well as Tories—try to insert a new clause into the Bill which would give employees of companies covered by existing closed shops the same right as people working for a company where the union was trying to establish a closed shop.

Newry shelling 'senseless outrage'

BY IVOR OWEN

THE UNSUCCESSFUL mortar attack on Newry police station on Saturday was described as a "senseless outrage" by Mr. Michael Alison, Minister of State for Northern Ireland in the Commons yesterday.

He was deputising for Mr. Humphrey Atkins, the Northern Ireland Secretary, who was in Belfast consulting his security advisers.

Mr. Alison said the origin of the mortar shells was among the lines of inquiry being pursued by the police in the intensive investigations which were in progress

He told MPs that the lorry from which the mortar attack was launched at lunchtime on Saturday had been hijacked by holding a family at gunpoint from 10 o'clock that morning.

A minute after the gable wall of the Newry RUC station was damaged, an explosion had occurred on the lorry which was parked some 100 yards away and screened from it by intervening buildings.

Investigation had revealed a number of loaded mortar tubes which the army had successfully disarmed.

Apart from a boy with a broken leg, the casualties—two policemen and 26 civilians—had not been seriously injured and they had been quickly released from hospital.

Mr. Alison declared: "I cannot express too strongly the revulsion felt by the Government, and I feel sure by the public at large, at this callous attack, which put at risk the lives and limbs of ordinary members of the public."

Replying to Mr. Brynmor John, Labour spokesman on Northern Ireland, Mr. Alison confirmed that security issues had been discussed by Mr. Atkins in his recent discussions in Dublin with Ministers of the Irish Republic.

These talks had been "helpful and constructive."

Mr. Enoch Powell (OUP, Down South) contended that the greatest contribution that the Government could make to preventing a repetition of such incidents was to desist from behaviour which conveyed to the IRA the message that the status and future of Northern Ireland might be radically altered.

Mr. Alison replied that the point Mr. Powell had made in the context of the wider aspects of the political situation in the province was in the mind of the Government at all times.

Private housing land

LOCAL AUTHORITIES have been asked to ensure that five years' supply of land, consistent with approved planning policies, is continually available to private housebuilders, Mr. Michael Heseltine, Environment Secretary, announced yesterday.

In a written reply to a Parliamentary question from Mr. Tony Durant (C., Reading N.), Mr. Heseltine said: "I have now issued a circular about this to al local authorities in England. *It does two main things.*

"First, it asks authorities to ensure that there is, at all times, a five-year supply of land for private housebuilding. The amount and location of that land is to be derived from the housing policies and proposals in approved structure and local plans.

"Second, it asks authorities to co-operate with local builders and their representative organisations in carrying out assessments of individual sites to ensure that the land making up the five year supply is both suitable and genuinely available for development within that period.

"This two-pronged approach keeps land supply firmly within the context of approved planning policies

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Plans to cut Civil Service confirmed

By Philip Bassett, Labour Staff

SIR IAN BANCROFT, head of the Home Civil Service, yesterday confirmed that the Government was considering new proposals to cut the Civil Service.

In a letter to Mr. Bill Kendall, secretary general of the Civil Service unions' National Staff Side, Sir Ian said that Mr. Paul Channon, Civil Service Minister, was "considering policy" on the issue.

While no definite proposals had yet been drawn, Mr. Channon expected to consult his Cabinet colleagues soon.

Sir Ian was replying to a letter from Mr. Kendall which objected to recent Press reports on new cuts in the service. Mr. Kendall said the staff side deeply resented hearing about possible developments in this way and that morale was being affected.

Sir Ian said that much of what had been reported, which has included the abolition of the grade of under secretary, a new round of cuts to reduce the size of the service to 600,000, and even the abolition of the Civil Service Department, had been "wild and inaccurate."

Mr. Channon will enlarge upon Sir Ian's letter, which also promised full consultation with unions on its proposals, at a meeting with union leaders today.

The Government is facing a difficult problem with pay rises of nearly 40 per cent which are shown to be due for 1,100 assistant secretaries, the highest grade covered by the service's pay research comparability system.

If paid in full, the rises would either take assistant secretaries well in front of under-secretaries, their immediate superiors whose pay is covered by the Top Salaries Review Body, or they would mean very large increases for under-secretaries to avoid the overlap.

A rise of about this level would take assistant secretaries to about £23,500. The present rate for an under-secretary is £18,000. This means that even if, as has been reported, the review body awards rises of about 20 per cent, the superior grade would still be well behind.

The Government may have to repeat last year's temporary solution to the problem by reducing the pay award, to take the rate to about £22,400. However, if that course is followed the unions would be likely to want arbitration.

● London traffic wardens are to get pay rises of between 10 per cent and 14 per cent back-dated to January 1. Wardens in inner districts will now start at £74.18, rising by annual increments to £80.12 per week and in outer London, £65.47, rising to £71.41.

Dons likely to demand 13% rise

By Michael Dixon

THE Association of University Teachers is likely to demand a 13 per cent rise from October because of delays in the examination of dons' salaries by the Commission on Pay Comparability.

The association settled for 10 per cent last October, plus 6 per cent from the start of this month pending the commission's study, which the 32,000-member union expected to be complete in time for next October's pay rise.

But Mr. Laurie Sapper, the union's general secretary, said yesterday that the commission proposed to delay its report for a further 15 to 18 months while it carried out a detailed "factor analysis" of university teachers' work.

But Mr. Sapper said university lecturers would not wait until late 1981 for the rest of their increase.

Union challenge on micro chip

A WARNING of the "terrifying" effect of the microprocessor on rising unemployment, possible de-skilling of jobs, "mere machine minding," and health hazards was given yesterday by Mr. Eddie Hayes to the annual conference of APEX—the Association of Professional, Executive, Clerical and Computer Staffs.

Mr. Hayes, a member of the union's executive council, while welcoming the chip, said: "If these fears are true, how do we control the chip so that society and our members benefit from its introduction?"

An APEX official said that the union recognised that Britain's competitive position requires rapid introduction of the chip, but was concerned about the consequences for employment and working conditions.

Nat West messengers' pay dispute settled

BY NICK GARNETT, LABOUR STAFF

THE DISPUTE involving messengers at the English clearing banks, which virtually halted cheque clearances, was settled yesterday.

The Banking, Insurance and Finance Union agreed terms with the National Westminster Bank on new salary scales for the bank's messengers, who went on strike last week.

The union had invoked sympathetic action by messengers and some engineering workers in the other clearers in support of the dispute. There was a threat of growing dislocation to bank services.

Credit transfers, including payment of bills by giro, and salary and mortgage transactions, were seriously disrupted yesterday in the five banks, partly because of picketing. Bullion transport was also hindered.

National Westminster negotiates with its technical and services staff, of which the messengers are a part, independently of the other four clearers, which negotiate jointly.

The other banks are expected to receive a union claim on behalf of messengers this week.

The NatWest messengers' settlement also leaves the difficult negotiations on the five banks' clerical staff unresolved.

The union says the banks' "final" offer of increases ranging from 18 to 21 per cent falls far short of its claim, although the Federation of Bank Employers has not received a formal note of rejection. It is also waiting fo rformal replies to the offer from the staff associations, which operate in thre of the five banks.

In the NatWest messengers' settlement, BIFU undertook not to use the agreement as a means of attempting to lever up its general claim for clerical staff. This has been one of the principal worries of the banks.

In the messengers' dispute, NatWest had offered minimum pay of £3,750 for staff aged 30 and over, but with a minimum of £3,250 for younger staff, rising on a sliding scale. The union had claimed a minimum of £3,570 for all messengers.

In the agreement, existing staff aged 30 and over will receive a minimum £3,750 to a maximum of £4,470. Staff under 30 but with more than two years' service will also receive £3,750. Staff with under two years' service will be on a scale from £3,250 to £3,750.

Future staff, irrespective of age, will start on £3,250, with increments starting after one year's service, the bank said.

Talks fail to win print peace

BY JOHN LLOYD

INFORMAL TALKS between union negotiators and employers involved in the print craftsmen's pay dispute ended yesterday without resolving the dispute, which has hit general printing companies and provincial newspapers.

The National Graphical Association said last night that it had made several points to the employers' side, which were being considered. No date was set for renewed talks.

The employers are represented by the British Printing Industries Federation and the Newspaper Society. Talks between the two sides began last Friday and continued throughout most of yesterday.

Mr. Joe Wade, general secretary of the NGA, said last week that he would press for a "significant change" in proposals on productivity put forward by the employers.

The union is claiming minimum earnings of £80 a week and a shorter working week from this month, while the employers have offered a minimum of £75 a week and a phased reduction of the working week to 37½ hours.

● Journalists employed by the International Publishing Corporation (IPC) magazines division staged a one-day strike in support of a 32 per cent pay claim. The company has offered 17 per cent, which has been rejected.

The 1,500 journalists have voted for further industrial action, including one-day stoppages and mandatory chapel (office branch) meetings.

Attack on 'vicious' Government policies

MR. BILL DOUGAN, President of the Scottish TUC, yesterday launched an attack on what he called "the most vicious anti-working class Government for generations."

Mr. Dougan, of the Boilermakers' Union, said at the start of the Scottish Trade Union Congress in Perth: "We belong to one of the most class-ridden societies in the world.

"The wealth of the country has always been in the hands of a tiny minority, and even with various Labour governments it still remains so.

"The rich continue to get richer and the poor poorer," he said.

"The Government is showing prejudice against the poor, the sick and the unemployed by concentrating on social security abuses while ignoring the greater saving which could be made by tackling the so-called black economy—tax evasion by the rich."

He said the Government seemed "determined to destroy the remaining vestiges of Britain's manufacturing industry."

● The National Union of Public Employees has urged its members to take part in the TUC's day of action against spending cuts on May 14.

● Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, has sent a message to all members urging them to stop work on May 14.

TUC call for ban on race marches

THE Trades Union Congress yesterday called for Government action to prevent marches by "racialist groups," including the National Front.

The TUC's employment policy and organisation committee told the Commons Select Committee on Home Affairs that organisations whose policies deliberately set out to insult ethnic minorities should not be permitted to demonstrate, particularly in racially-mixed areas.

The Home Secretary should give detailed guidance to police commissioners and chief constables on the use of bans against organisations which set out to provoke violence or intimidate local communities.

The TUC urged that the Government should introduce statutory provisions allowing local authorities, in consultation with the police, to ban processions likely to stir up racial hatred.

The TUC representatives said Sunday's National Front demonstration at Lewisham had been allowed to go ahead at a cost of more than £500,000 to the taxpayer.

The TUC said that recent police proposals for increased police powers to ban open air meetings, and to be given seven days' notice of processions, should not be implemented.

Labour leaders backed

SUPPORT FOR the Labour Party parliamentary leadership against proposed constitutional changes in the party comes in a report to be presented by the executive council of the Union of Shop, Distributive and Allied Workers to the union's annual conference in Bournemouth next week.

The report argues that the Labour Party constitution should remain essentially unchanged, and that efforts should be made instead to improve relations between the Parliamentary Labour Party and the National Executive Committee.

While it is traditionally loyal to the Labour leadership and moderate on pay claims, a number of motions to the conference express concern over a fall in living standards and urge a minimum wage of £70 a week or more, a rise of 20-25 per cent.

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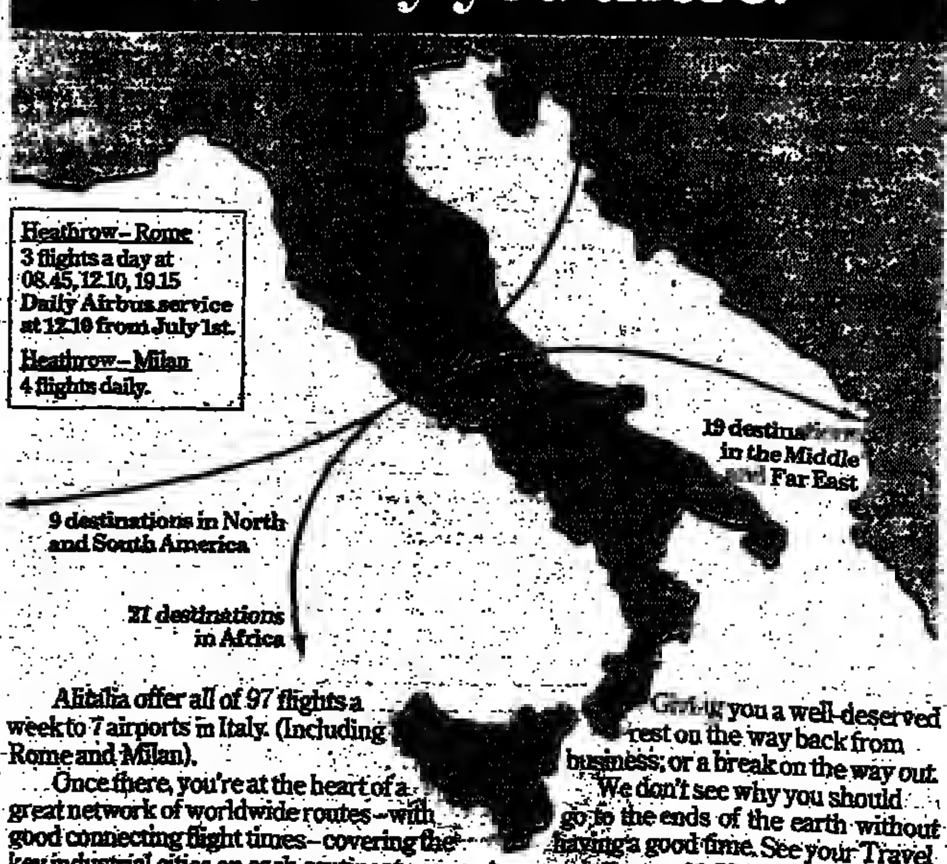

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Companies which would like to discuss the matter further should, in the first instance, write to

J.M.L. Stone & Company Limited, 71 Burlington Arcade, Piccadilly, London W1V 9AF.

PRIVATE COMPANIES

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APPOINTMENTS

Watney Mann & Truman director of distribution

Dr. Francis Pocock

Dr. Francis J. Pocock has been appointed distribution, supply and facilities planning director of WATNEY MANN AND TRUMAN BREWERS from May 1. For the past four years Dr. Pocock has been distribution development manager of Courage and previously held senior posts with Cyanamid and Boots.

★

Mr. T. C. Leader, managing director of BABCOCK CONTRACTORS, states that he has left the Babcock and Wilcox group on "certain points of disagreement with Babcock headquarters policy." He had been managing director of Babcock Contractors s ince 1978.

★

Mr. B. G. C. Becker, group chairman of PHONOTAS GROUP, has relinquished the post of managing director of Kent Chemical Company, a member company, to devote full time to a chief executive position following the recent addition to Rother Valley Press and Furmoto Chemical Company to the group Dr. Colin Burgess, previously commercial and technical director of Kent Chemical, has become managing director of that concern.

★

Dr. G. C. Boffetta, managing director of Fiat Aviazione, has been appointed chairman of TURBO-UNION. He succeeds Sir Denis Spotswood, a director of Rolls-Royce Limited, who is retiring from the Board. Herr M. Steinberger, a director of MTU, has relinquished the position of managing director to take up the new post of executive deputy chairman of Turbo-Union. He is succeeded as managing director of Turbo-Union by Mr. A. Rhodes who was previously the assistant director of product support for Rolls-Royce's Aero Division factories at Bristol and Coventry.

★

Mr. R. D. Shanks has resigned from the BOULTON AND PAUL GROUP to establish his own business advisory service to the timber, joinery and cabinet industries. He was formerly a director of Boulton and Paul (Joinery) and managing director of two group subsidiaries at Maldon, Essex, and has been retained as adviser to the group.

★

Mr. Peter S. Wormald has been appointed a director of the IDC GROUP.

★

Mr. Jack L. Wicker, president directeur general of Matthews and Goodman S.A. has been elected president of the BRITISH CHAMBER OF COMMERCE FRANCE, to succeed Mr. R. R. Ward, who died last month. Mr. D. H. Gooldchild, resident partner of Clifford Turner in Paris, has become vice-president to join Mr. John Tuby, director of Isoservices S.A., also vice-president.

★

Mr. Geoffrey Halstead, formerly deputy chairman, has become chairman of JAMES HALSTEAD (HOLDINGS) in place of Mr. J. S. Leach, who has been made deputy chairman.

★

Mr. Stewart Rose has been appointed managing director of GOOD RELATIONS and joins the board of the Good Relations group. He was previously a main board director of Burson-Marsteller.

★

Mr. Michael Green has been appointed to the board of FRANK HORSELL AND CO. as finance director. He joined the company in 1978 as financial controller.

★

Mr. R. Ritchie has been appointed production director and Mr. R. R. Pike, sales director, of BRITISH POLAR ENGINES.

★

Mr. Philip B. Chenok has been named president of the AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS from July 1. He will replace Mr. Phil Olson, who has been president since 1972. Mr. Chenok is a partner in Main Hurdman and Cranstoun.

★

M. J. Gleeson (Contractors) has formed a subsidiary called GLEESON (LONDON). The directors are Mr. T. K. Sheridan, managing; K. J. Reading, deputy managing; Mr. R. W. J. Radford and Mr. L. Lamont.

A FINANCIAL TIMES SURVEY

MANAGING WASTE

JUNE 16 1980

The Financial Times proposes to publish a Survey on Managing Waste in its issue of June 16 to coincide with the International World Waste Congress and Exhibition (June 16-20). The editorial synopsis is set out below:

Introduction The enormous growth of waste in the consumer society coincides with pressures to conserve energy and a growing respect for our environment. This has spurred technical and managerial innovation in the drive not to waste anything, including waste.

Editorial coverage will also include:

New Technology — transformation of waste into fuel; reclamation of metals; technical advances and possibilities.

Disposal of nuclear waste — treatment, storage and burial of radioactive waste; what Britain expects to spend and where.

Energy from waste — commercial usage; heating; cost effectiveness of projects.

Chemical waste — safeguards and methods of management for chemical waste.

Land reclamation — problems encountered by local authorities: the reclamation of land from the sea.

Recycling of waste — Progress and environmental pressure in this controversial field.

For further information and advertising rates please contact:

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The contents, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

هكذا من الأصل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● LIGHTING

Lamp market thrust by Sylvania

EVEN THOUGH GTE Sylvania has acbieved £100m turnover worldwide in lamps, it has only four years' experience under its belt in the UK and so will probably *have an even more difficult* time than such established contenders as Philips, Thorn and GEC tn convincing the market abont more efficient lamps at higher prices.

"Ten per cent saving" is the GTE Sylvania theme in two new introductions of 26 mm diameter fluorescent tubes, ES 100 and ES 180, becoming available in the UK in May.

A problem with more efficient *lighting is that efficiency im*provements are seldom made in sizeable amounts: each introduction, and there bave been many over the years—is usually a matter of only a few per cent, ao that while energy prices were not a pressing problem. lamp buyers were apt to take no notice.

But the energy situation is different now and deteriorating. so that quite small percentage savings applied nationwide are becoming significant.

For example. the company claims that if all its lstest types were universally applied in the UK, £200m of energy would be saved each year. Unfortunately, the lighting element in most electricity bills is only abont 5 per cent *of the total—a difficult* sales bump to get over except perbaps in the large organisation where even 10 per cent of 5 per cent can be a considerable sum.

Simply switching lights off or cutting lighting levels is no answer to energy aaving believes Sylvania. since it is known that store sales tend to drop, factory operator efficiency is reduced and crime is likely to increaae.

Users should pay more attention to the lamp itself, particularly when it is realised that over the life of the lamp capital cost has been 20 per cent, maintenance 10 per cent, hut power consumed 70 per cent (and *likely to increase*).

The company's new ES 100 26 mm fluorescents hsve the same basic light output characteristics as conveotional 38 mm tubes but consume 10 per cent *less power. Their extra cost*, it is claimed is recouped in about six months.

ES 180, also in 26 mm, uses a tri-phospbor but as well as consuming 10 per cent less power thsn its 38 mm predecessor can also give up to 70 per cent more light depending on the colour. It is available in two, four and five feet lengths consuming 18, 36 and 58 watts respectively—to be compared with the 20, 40 *and 65 walts of* the 38 mm tubes.

All of these lamps can he fitted into existing switch-start inatallations: in new schemes it hecomes possible to decrease the numbers of tubes for the same lighting levels. A million of the lamps bave already been *sold in continental* Europe.

Sylvania has also made a tentative announcement about fonr other energy saving lamps to become avallsble by 1981. One is the Minlarc 40 watt metal halide lsmp which in the long term could replace less efficient incandescent lamps ln the bome, commerce and industry. The others are 250 and 1250 watt tungsten halogen types to replace 300 and 1500 watt types for the *same light* and a new range of ellipsoidal reflector lamps to replace conventlonal reflector flood lamps.

GTE Sylvania. already well established in the rest of Europe. obtained an entrance into the UK market in 1976 with the scquisition of Endura Lamps in Yorksbire, where the two plants are still operating.

An expansion programme ls continuing. including 1m cubic feet of warehouse space on the M62 controlled by a VDU-based computer system. and the setting up of a nationwide chain of distribntors. The *company* now claims to he the fastest growing manufacturer of lamps in Europe.

GEOFFREY CHARLISH

● HEATING

More efficient furnaces

REDUCED WEIGHT and low thermal mass in comparison with most solid refractories are offered by heating modules for furnaces and ovens put on the market by Bulten-Kanthal AB of S-734 01 Hallstahammar, Sweden.

Brand name is Fibrothal, and the units have a wire-wound heating element embedded in a block, tube or semi-cylindrical shell of vacuum-formed ceramic fibre. The density is only 200 kg per cubic metre, a tenth of many traditional materials. This, together with the low thermal conductivity of the material allowing reduced insulation thickness, allows smaller, ligbter industrial furnaces to be constructed.

To provide uniform heating and precise temperature control the heating element is distributed uniformly over the hot face of the module. An Iron - chromium - aluminium alloy, Kanthal A1 is used allowing maximum furnace temperatures of just under 1100 deg. C.

The company claims that reduced furnsce heat-up times, possible reduction in the rating of the elements and low cyclic heat loss can produce energy savings of up to 20 per cent.

● ELECTRONICS

Operator not needed

SIDESCAN SONAR equipment for underwater surveys made by Wsverley Electronics of Weymouth can now be supplied optionally with microprocessor control of the signal processing electronics, ensuring optimum results without the constant sttention of an experienced sonar operator.

A single switch action makes the change from manual to automatic operation when the micro controller will then adjust for changes in range. sea bed texture. target and other local conditions.

In addition. digital signal processing now converts the slant range (that is. actual signal path to the target) to plan range scale lines on the recording. The new system also monitors the height of the tow-fish carrying the sonar transducers above the sea bed and presents the figure on a digital display. If the towed body descends below a pre-programmed height, audible and visual alarms are triggered.

The shipboard recorder has three range scales (75, 150 and 300 metres)and three recording paper speeds to suit prevailing conditions.

More from the company at Waverley Road. Weymouth, Dorset (0305 784738).

● PROCESSING

£¼m powder coat plant

A £250.000 epoxy powder coating plant has just been brought into use by Valor at its Birmingham hester fsctory.

Installed by Electropaint of Lichfield, Staffs, it is being used for componeots for Valorflame gas fires and other heater parts, and Valor reports a reject rate of 2 per cent against 25 per cent using the old painting method. Currently 480 heater casings and components an hour are being treated.

Vator, which had a team of 19 working on its previous electrostatic spray painting and dipping process, has now reduced this oumber to six.

● METALWORKING

Removes the burrs

REMOVAL OF burrs from *aluminium* alloy *plates*, such as are used in aircraft construction, can be achieved very efficiently, it is claimed, with a machine developed in Germany by Wesero GmbH of Sprockhövel.

Both sides of sheet sections are treated *simultaneously*. the machine using compact, cylindrical, rotating and oscillating brushes against pressure rollers, with *facilities* to maintain the optimum surface speed to compensate for brusb wear.

Construction, dimensions and application of the brushing rollers are critical, it is stated. They may be used dry, in which case suplementary dust extraction equipment ia necessary, or in plant whicb sprays recirculating water on the brush face and work piece. In the latter case filtration plant is needed.

An alkaline degreasing nnit for sheet sections contaminsted with cutting oil from prior machining operations can be included and the work sections are spray-rinsed and air-dried after leaving the brushing unit in a "wet" installation.

Parts of thicknesses between 0.6 mm snd 3.2 mm and above a linear dimension of 150 mm can be processed. Brush and pressure roll line setting is selected digitally for each gauge of sheet and a tolerance on the nominal size of 10 per cent is permitted.

Full deails from Wesero's UK agent, Brian Davis and Associates, 125 Wells Road. Malvern. Worcestershire. (06845 65522).

● DATA PROCESSING

Links up to form big networks

EMPLOYING FOUR of the Scottish-made B90 processors, Burroughs has made a further thrust into the distributed datx processing (DDP) market with a new "CP" series of communications processors.

Contained in a 30 x 23 x 32 inch troiley-cabinet, the four processors constitute a powerful, programmable "nodal" computer which will interlink and control the transfer of data between line convergence points or "nodes" to form large scale communications networks.

Applications will occur in supporting data collection terminals such as the company's MT600, as a back office controller of banking terminals, as a remote job entry device, as a store and forward message switcher and in the network use as a DDP node.

The processors are *not* confined to use within Burroughs networks. By emolating other manufacturers' protocols, the designers hsve allowed the CP series to be connected to a variety of competitive mainframes lncinding, initially, IBM, ICL, and Univac.

Higher levels of communications disciplines may be linked as well: the CP machine provides a mechanism by which the IBM systems network architecture (SNA) can be linked with the Burroughs counterpart. BNA. The company believes that this flexible approach will allow users to establish national and international DDP networks with mixed mainframes, terminals and protocols.

Each of the four B90 processors in the CP machine is dedicated to a different DDP fnnction: operating control, data file management, compiling and execution of the user's application programs, and data communications proper. They run concurrently, each at its optimum rate.

First introductions are the CP 9400 and 9500, with memory sizes ranging from 96 to 640 kilohytes, disc storage from 6 to 520 megabytes, and from two to 32 communications lines.

More from Heathrow House. Bath Road, Cranford, Middlesex TW5 9QL (01-759 6522).

● WOODWORKING

Automatic grading of timber

A TIMBER stress grading machine called the MICRO-MATIC has been developed by *Measuring & Process Control* and is now avsilable.

On entering the machine (only one operator is required) the timber is deflected to one side. and the reactioo load is measured. As the timber moves forward. the readings are taken at regular intervals and are stored in the memory of the micronrocessor. After the timber has been tested along one side the direction of its travel is reversed and the piece returns to the operator. On the return journey, deflection is again applied snd readings on the opposite side registered. A grade is marked on each piece of timber and the lowest grade registered throughout the piece *determines the overall quality*.

In addition to the colour mark on the itmber, a visual indicator on the machine shows the grade of the returned piece tn assist the operator lo selecting the correct area to stack the piece.

The macbioe is set for eacb species of timber using programmes prepared from data covering thickness, width, species and grade boundaries. Timber to he tested at one run mnst be *of* the *same cross* section but can be of mixed length.

Setting np of the equipment is assisted by a visual display unit fitted into the machine which tells the operator if he fails to carry out any function *correctly. The machine* will not start until all the adjustments are correct for a particular timber section. If there is a malfunction of the machine, the location of the malfunction is displayed. If requlred, a visual print-out unit can be fitted to record the number of pieces tested, their *sizes*, grades etc. It can also record non-productive time, running time and so on.

Full details of the *machine* can be obtained from Measuring and Process Control at Phoenix House, New Road, Rainham, Essex RM13 8RJ. (04027 53311).

● MACHINE TOOLS

New tube bending machines

DOUBLE END finishing and tube bending are the functions of two machine tools that TI Brookes is to introduce, the latter at Mach 80, National Exhibition Centre, *Birmingham*, April 22 to May 2 and the former at the company's Oldbury, West Midlands, plant during the same period.

Type 53 double end finisher is fully automatic and chute loaded. It points, *hollow mills*, chamfers or reams both ends of rod or tube in a single operation, cycling up to 4,800 times per hour. Actuation is entirely with electrically interlocked hydraulics. Round work blanks up to 38 mm solid or 70 mm outside diameter tube can be accommodated; of minimum length 38 mm, maximum length 308 mm.

CalcuBend is a 14 tonne tube bending machine able to produce components needing one to ten bends of different angles and planes, at up to 1,000 bends per *hour*. A *typical application* wonld be in the production of vehicle exhaust pipes.

A new control system using the Hawker Siddeley Sequel unit allows everything to be dialled in and displayed on an LCD unit, cutting setting up time from an bour for 10 bends to a few minutes.

More from Brades Road, Oldbury, Warley, West Midlands B69 2DL (021-552 5311).

Lovell
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● SAFETY

Will detect smoke

AN INFRA-RED beam smoke detection unit developed by Chubb Fire is available in two versions and can protect volumes of 160 cubic metres (10 metre beam) or 400 cubic metres (25 metre beam).

There are three parts of the system, a wall mounted plate assembly containing the wiring terminations, a combined emitter-receiver *which plugs* into this and, mounted at the other side of the protected space a wall mounted reflector supplied *in two forms* for the short and long ranges.

The system, which is called Mini BeamMaster, detects a set percentage of obscuration of an infra-red light beam caused by smoke. Paulsed emission from a gallium arsenide diode suffers attemiation on the outward and return paths *in* the presence of smoke and the set obscuration level has to be exceeded continuously for 15 seconds to avoid false alarms.

Gbubb Fire Security is at Pyrene House, Sunbury on Thames, Middlesex (Sunbury 85588).

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- A classification of local-computer-networking technologies, which positions various local-computer-networking schemes in a four-dimensional networking design space;
- Local-computer-communications protocols and their relationship to remote-computer-communications protocols

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Visa is the largest card system in the world with over 12,000 members in 110 countries. Now, Visa Travellers Cheques are being issued by financial institutions worldwide. These include Barclay's Bank International, Standard Chartered Bank, the First National Bank of Chicago, Banco Atlantico, the Sumitomo Bank, Ltd., and many others.

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For years, banks and merchants have relied on the strength and integrity of the Visa name for proven worldwide financial services.

Visa Travellers Cheques

For travel and shopping, Visa is the most widely recognised name in the world.

Workskills: Directing management services

BY MICHAEL DIXON

WHAT ARE the principal skills required by your job? This column asked a few weeks ago.

Although it was an easy qnestion to ask, I appreciated that it would be difficult and bothersome for readers to answer. Most people develop the occupational skills so gradually as to be unaware of precisely what they are. We can do certain things. But before we could tell anyone what processes are essential to our success in those things, we should need to think long and hard—which, being so busy doing, few of us have patience for.

But I tried to justify burdening readers with the question by pointing out that lack of such information is a cause of the continuing mismatch between education and employment.

Many employers whose experience has taught them to know a good manager, engineer or whatever from a bad one, think that young recruits coming from the education system are generally not of the required quality. But having no definition of what constitutes the required quality, all these employers can say to the education system is that the people it is producing are not good enough, and need to be made hetter.

By contrast, the educators do have a ready definition of what *they* mean by "good." It means: of a high academic level. So when the employers call for better people, the educators take them to mean people of the same academically trained sort as before, only more so. And the education system strains and heaves to produce them.

Since what the employers mean by "better" is evidently something quite different, all that the educators get in return for their increased effort is renewed complaints that their human products are not good enough, which disgruntle them. So they retire into their ivory towers, concluding that the employers must be too stupid to know good people from bad, and therefore not worth talking to.

Autistic

Dumbfonnded by this process when she was Secretary for Education and Science, Shirley Williams termed it "a dialogue of the deaf." But it is not really that. It is a conjnncture of two monologues, each of which uses the same words in a different sense. And this argument of the autistic seems bound to continue until one of the two participants takes the trouhle to make itself understandable to the other. In my view the onus is on the employers hecause, unlike the educators, they have failed to define and so are unable to convey what they mean by "good," or "able," or "high-quality" people. Hence the question.

So far, 37 readers have been generous and public spirited enough to answer it. Five of them wrote from overseas, the long-distance record being held by a corporate planner from Singapore. Almost all replied in painstaking detail, and at a length considerably greater than that of this column. In the circumstances, I am sadly unable to reproduce here the whole of any reply, or even to quote from every one sent to me.

The hest course seems to be to devote at least part of either the Tuesday or tha Thursday Jobs Column during the coming few weeks to a substantial extract from each of three or four of the replies. That done, I will write my own summary of the main points emerging from the whole of the correspondence. Before going any farther, however, I'm anxious to assure those readers whose answers will not be quoted, that every reply has provided valuable insights, and that I am very grateful for them.

The first extract is from the letter of a management services specialist of some 15 years standing. *His* title is data-processing and systems director, but he says that elsewhere he might be called a management services manager, a computer services manager, or a head of information systems. Here is what he has learned about this type of job:

"The basic aim is to promote commercial effectiveness, primarily by deploying information-processing technology, as distinct from creating it.

"Many people expect the job to be technical rather than commercial or managerial; many potential customers at introductory meetings seem to take a perverse pleasure in contrasting their own lack of numeracy or technical knowledge with what they assume to be the systems man's high standard of achievement in matters mathematical or electronic. (Actuaries are the reverse—they pretend significant technical knowledge and sometimes fail to distinguish between computation and the organisation of high-volume processing.)

"There are, of course, gifted technicians employed in the systems husiness—I enjoy the company of several in my own team. Bnt they tend to deal directly with the hardware and software rather than with business applications.

"This technocratic view of the job can lead to job-descriptions giving excessive stress to technical achievements whilst understating the requirements for organisational and social skills. Only the best career advisers understand the true balance of requirements.

"Just as one does not need a deep grounding in the theory of internal combustion merely to drive a car, so it is sufficient for the management services specialist to have knowledge of the capability of machines, and the organisational ability to realise that capability.

Political

"Installing systems requires several skills, some of which may be within the purview of other professional fields. When this is the case, sensible management services practitioners seek all the advice they can get. Nevertheless it is their responsibility to weave all the threads into one coherent fahric. Thus one can see that the joh is more administrative than technical.

. . .

"Goehbels said that the man who runs the information runs the show. The nature of mnch systems work changes the way in which information si controlled and circulated, therehy eroding people's power-bases and tarnishing images. This may explain why many middle managers resist systems work, although they of course have a natural human predilection for the status quo. Paradoxically, because he is primarily an adviser rather than a line manager, the systems man must achieve his results through this same middle management. The successful systems practitioner is the one who finds answers to these essentially social and inter-personal problems.

"I do not want to portray the management services specialist as a latterday Renaissance man. But given the number of unsuccessful or incomplete projects one sees in this field, he does have something in common with Leonardo da Vinci."

There, then, is an insider's view of the job of directing management services. Having promised, when I made the plea for information in February, not to disclose the names of those who replied unless they specifically gave me permission to do so, I shall leave the person concerned anonymous.

Any management services manager who disagrees with that view of the jo bis welcome to contact me and say so, because I am sure that the attempt to define workskills is important enongh to merit extended discussion in this column. Moreover, since the 37 letters still leave numerous responsihle jobs uncovered, I would be grateful for further answers to the original inquiry under the same guarantee of confidentiality.

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Erste vertrauliche Kontakte nehmen Sie bitte telefonisch auf mit unseren Beratern Dr. Thürbach 0211/4555-1 oder Roman Kainz 02261/77098. Ihre vollständigen Bewerbungsunterlagen senden Sie bitte unter Kennziffer 560016 an Postfach 1509, 5270 Gummersbach 1.

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Scottish Amicable Life Assurance Society requires two recently qualified Chartered Accountants to fill vacancies at the Society's Head Office at Glasgow and at Craigforth, Stirling.

The position offered in Glasgow will involve the successful candidate in assessing the trading prospects of public companies primarily within the U.K. as a first step to developing a career within Fund Management.

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For an application form please contact:—

Staff Manager
Scottish Amicable Life Assurance Society
150 St Vincent Street GLASGOW G2 5NQ

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Applicants should possess an internationally recognised accounting qualification with three to five years' post-qualifying experience, which should preferably include auditing for tax in a government environment. An ability to handle the public with tact and firmness is also required.

Closing date: 13 May, 1980.

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Hamilton 5-24,
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NKS EUROTRADE (U.K.) LTD.
Friars House, 39/41 New Broad Street
London EC2M 1NH
(for vacancies in Nigeria)

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Knowledge of financial and business publications preferable. Must be fluent in Italian, French or German and English and willing to travel extensively. Initiative and desire to succeed imperative. Applicant must be UK citizen or citizen of EEC country. Salary open plus bonus.

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COMPANY NOTICES

THE MESSINA (TRANSVAAL) DEVELOPMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Directors: Commander H. F. P. Grenfell, D.S.C., R.N. (Ret'd.), Chairman, *W. J. Wilson, Deputy Chairman and Joint Managing, D. A. Thompson, Joint Managing, Sir Keith Acutt, K.B.E., *Dr. F. J. du Plessis, *I. Mackenzie, D.S.O., H. C. Iversen (German), *R. P. Whitfield, D. G. Nicholson (alternate). *South African

INTERIM REPORT AND DECLARATION OF DIVIDEND

CONSOLIDATED PROFITS (UNAUDITED)

	Six months ended 31.3.80	31.3.79
	R000's	
Income from—mining	15,505	7,997
—industry	8,983	4,653
—other	189	763
	24,657	13,413
Interest paid	4,516	7,555
Net income before taxation	20,141	5,858
Taxation	7,296	2,855
Net income after taxation	12,846	3,003
Attributable to minority interests	4,124	1,215
Net attributable income	8,721	1,788
Dividend declared	1,849	—
	Cents per share	
Earnings	79.3	18.3
Dividend	15.0	—

CAPITAL COMMITMENTS

	Six months ended 31.3.80	31.3.79
	R000's	
Commitments in respect of capital expenditure	9,992	6,884

MINING RESULTS

	Six months ended 31.3.80	31.3.79
	(Metric tons)	
Ore milled	1,434,372	1,430,334
Recoverable copper	13,385	13,853
Smelter production (including purchases)	12,855	14,909
Sales	14,448	17,359

COMMENTS

Income from mining rose substantially during the first half of the year due to higher metal prices. Income from industry also increased, primarily as a result of improved profits from Datsun.

Although metal prices could be lower, the continuing improvement in industrial profits should result in increased attributable earnings in the second half of the financial year.

Substantial loan repayments have been made during this period and as a result the interest charge is expected to continue to decline with a resultant improvement in the Group's liquidity.

DIVIDEND

Notice is hereby given that Dividend No. 57 of 15 cents per unit of stock has been declared payable to stockholders registered in the books of the Company at close of business on Friday, 16 May 1980.

The dividend has been declared in South African currency and dividend warrants will be posted to stockholders from Johannesburg and London on or about 13 June 1980. Dividends payable from the London office will be paid in British currency converted at the rate of exchange ruling on 19 May 1980.

South African Non-Resident Shareholders' Tax at the rate of 1.6515% will be deducted from dividends due to stockholders whose addresses in the register are outside the Republic of South Africa.

The transfer books and register of members will be closed from 17 May 1980 to 23 May 1980, both days inclusive.

W. J. WILSON, D. A. Thompson } Directors

R. W. BRADSHAW, London Secretary

London,
21 April 1980.

Transfer Offices:
29 Harrison Street, Johannesburg 2001.
6 Greencoat Place, London SW1P 1PL.

HONGKONG LAND COMPANY LIMITED

BEARER WARRANTS

Notice to holders of the Hongkong Land Company, Limited bearer warrants dated 10th October, 1973 and 21st June, 1974 to subscribe shares of the Company.

Subject to the passing of the necessary resolution at the Extraordinary General Meeting of the Company to be held on 25th April, 1980, the bearer warrant subscription price will be adjusted, in accordance with the terms and condtions of the bearer warrants, from HK$ 10.50 to HK$9.29.

The adjusted bearer warrant subscription price of HK$ 9.29 will, subject as aforesaid, be effective from 17th April, 1980.

By order of the Board
P. A. Hall, Company Secretary.
Hong Koeg, 16th April, 1980.

GOLD FIELDS GROUP

VLAKFONTEIN GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

REDUCTION OF CAPITAL

At the adjourned annual general meeting of members held on 18 April 1980, a special resolution was passed reducing the authorised and issued capital of the company from 80 cents per share to 70 cents per share. Application is being made to the Supreme Court of South Africa (Witwatersrand Local Division) for confirmation of the reduction of capital. Members will be informed by circular in due course of the outcome of the application.

GOLD FIELDS OF SOUTH AFRICA LIMITED, Secretaries, Per: G. V. Wattrus.

18 April 1980.

JARDINE, MATHESON & CO., LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the transfer books and register of members of the Company will be closed from 28th April to 12th May 1980, both days inclusive, for the purposes of the final dividend and the free scrip issue recommended in respect of the year ended 31st December 1979.

The final scrip dividend with a cash alternative of HK$0.60 per stock unit will be paid on 28th June 1980 to stockholders on the register of members on 12th May 1980.

In order to qualify for the dividend and the free scrip issue, all transfers, accompanied by the relevant stock certificates, must be lodged with the company's registrars, Central Registration Hong Kong Limited, Gammon House, 1st Floor, Harcourt Road, Hong Kong, not later than 12.00 noon on 26th April 1980.

By order of the Board,
K. W. YOUNG
Company Secretary

Hong Kong
16th April 1980

OLYMPUS OPTICAL CO. LTD.

United Kingdom Shareholders are advised that copies of the 1979 Annual Report are now available from:

S. G. WARBURG & CO. LTD.,
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St. Albans House,
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London EC2P 2DL.

22nd April, 1980.

LINREAD LIMITED

ORDINARY SHARE CAPITAL

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books of the Company will be closed from Saturday, 10 May to Friday, 16 May, 1980, both dates inclusive, for the preparation of Dividend Warrants.

By Order of the Board,
K. J. MORRIS,
Company Secretary.

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CONTRACTS AND TENDERS

ETHIOPIA

EXTENSION OF CLOSING DATE OF INVITATION NO. T-07/72

The Provisional Military Government of Socialist Ethiopia, Ethiopian Roads Authority, announces that the closing date of Invitatin No. T-07/72, for the purchase of Road Construction and Maintenance Equipment, is extended to May 30, 1980, at 10.00 hours Addis Ababa time. All bidders who have picked tender documents and all others interested to participate are advised to note the change and submit their bids on or before the new closing date and time.

"ETHIOPIAN ROADS AUTHORITY"

PUBLIC NOTICES

TRADE DESCRIPTIONS ACT 1968
SEALSKIN GOODS
NOTICE OF AN ORDER UNDER SECTIONS 8 AND 9

The Secretary of State for Trade hereby gives notice of his intention to make an Order under sections 8 and 9 of the Trade Descriptions Act imposing requirements as to the information to be given with respect to sealskin goods, including information in advertisements for the supply of such goods. Copies of the proposed Order may be obtained from the Department of Trade, Consumer Affairs Division, Room 2809, Millbank Tower, Millbank, London SW1P 4QU.

LEICESTERSHIRE COUNTY COUNCIL £6,000,000 bills issued 21.4.80 at 16¼ to mature 21.7.80. Total applications were £24,500,000 and these are the only bills outstanding.

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هكذا من الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The curious case of the reluctant multinationals

Arnold Kransdorff examines the ambiguous attitude of big business to the growing plethora of codes of corporate conduct

Business managers are frequently reluctant to defend their often tarnished public image, especially if they work for a multinational. Occasionally, a few activists within their ranks stand up and issue a clarion call for massed defence, and their representative institutions sometimes try to take the lead.

But the business world still generally tends to shy away from presenting its case, whether through discussions with the mass media or more substantive action publicly to demonstrate the frequently contested "legitimacy" of its actions—even sometimes its existence.

As a result, the field is left to the highly vocal critics of big business, and—whether justified or not—suspicion festers.

A particularly obvious example of this ostrich-like attitude by companies in several European countries is revealed today by the British employers' own representative association, the Confederation of British Industry.

Evidence collected by the CBI suggests that most multinational corporations are neglecting to put their weight behind an international code of conduct drawn up with the help of their own representatives and member countries of the Organisation for Economic Co-operation and Development (OECD).

The OECD code, called International Investment Guidelines for Multinational Enterprises, has been in existence since 1976. It ranges widely across the subjects of bribery, illegal contributions, disclosure, unfair competition, transfer prices, industrial relations practice and a host of other items.

While voluntary, the code is supposed to be recognised by OECD governments and multinationals as the minimum acceptable level of good business practice on the international stage. And it is likely to form the basis of a worldwide code currently in the final stages of negotiation within the United Nations.

Most British multinationals would no doubt claim to outperform the basic OECD standard, but in spite of widespread public criticism in some countries, together with investigations into and constraints on their activities, few are, curiously, prepared to say so, even to the CBI.

The CBI says it has repeatedly asked Britain's 2,000 multinationals to support the code, either through a public pronouncement in their annual report and accounts or, if a lower profile is preferred, in a private letter to the CBI.

But in more than three years the CBI has received only 57 endorsements or indications of general support for the OECD guidelines—a response of less than 3 per cent, though this does include most of the very largest multinationals in the UK.

The CBI is rather circumspect about the reasons for the unwillingness of so many multinationals to make a stand. "The limited response is not entirely unexpected given that only a few companies actually participated in the formulation (of the code)," a spokesman says. "It is a process of education. Companies tend to mistake the guidelines for a legal document whereas in fact it is a flexible voluntary code."

The CBI claims that the UK response compares "reasonably well" with that of most other OECD countries, especially France and Germany. It says it is continuing to encourage a positive attitude in Britain through seminars and circulars.

The OECD code is part of a broad international effort to find a common basis upon which multinationals and host countries can avoid persistent and destructive conflicts of interests.

At one end of the spectrum, multinationals would insist that they represent enlightened management employing efficient business methods for the benefit of the countries in which they operate. At the other—mainly in the developing nations—are those who claim that multinationals are manifestations of economic exploitation of the worst kind.

Behind the increasingly diverse and sometimes conflicting national regulations—affecting both investment policies and day-to-day operations—with which multinationals are already having to cope lies an increasingly acute awareness of the extent to which their activities can affect government policies.

In particular many developing countries have started to search for ways of minimising the influence of multinationals in domestic political affairs, while many governments in the industrialised world are showing concern about the effects of disinvestment in areas of high unemployment.

So far action has been broadly confined to isolated examples of national legislation. Efforts to formulate a common governmental approache to the problem have had only limited success.

Most of the effort has been devoted to the formulation of codes of conduct or guidelines rather than any legally binding convention, but due to the difficulties of getting consensus in any international forum, the momentum has been slow.

A decade of pressure

ONE OF the first attempts at drawing up a code of conduct for multinationals was made in the early 1970s by two politicians from both sides of the Atlantic. Erwing Lange, a West German member of the European Parliament, and Sam Gibbons, a U.S. Congressman, produced a draft document commonly known as the Lange-Gibbons Code.

It deals with issues such as taxation, competition, investment policy, fiscal policy, capital market policy and monetary policy, social and labour market policy, technology and "pernicious political activities." The code is generally considered to be more comprehensive than the later OECD guidelines.

The two authors have proposed that the code be adopted by the U.S. and the European Common Market, and that it be later acceded to by other industrialised countries. So far they have been unsuccessful.

In 1972, the International Chamber of Commerce (ICC), a non-governmental organisation, formulated voluntary Guidelines for International Investment to provide a starting point for promoting a better understanding between multinationals and host governments.

Broadly, they mirror the Lange-Gibbons Code with perhaps a greater emphasis on the demands of the Third World although much play is made of the multinational's right to market freedom.

For example the guidelines call for host governments to stimulate competition through the encouragement of new investment and the lowering of import tariffs rather than through the application of restrictive regulations. Also, host governments are asked not to place any restrictions on the remittance of payments and the repatriation of capital although it is recognised that developing countries with balance of payments difficulties may require that remittances be spread over a period of time.

In the fiscal area, multinationals are urged to justify export and import prices of their products and supplies, while on the labour front they are asked to give adequate advance information about the necessity of closing plants and consequent dismissals.

Voluntary

Also, multinationals are urged to offer part of the equity of their subsidiaries for purchase or subscription by local investors.

The first fully-fledged code emerged in 1976 when the OECD, in whose geographical area multinationsl exercise more than three quarters of their activities, published its International Investment Guidelines.

As it is addressed to OECD members only, it does not have universal acceptability but it nevertheless represents the most successful attempt yet at bringing together a package of regulatory—albeit voluntary—guidelines.

In its White Paper commending the guidelines, the British government said at the time that while it was primarily for individual governments to regulate the entry and operation of all types of business within their territories, the very nature of international investment and production required co-operation between Governments on those aspects which transcended national boundaries. It pointed out that there was no international machinery comparable with that in the trade and monetary fields to provide a framework within which multinationsl could operate.

The OECD argues that since the operations of multinationals extend throughout the world, including countries that are not members of the organisation, international co-operation in this field should extend to all states. It calls for member countries to give their full support to efforts undertaken in co-operation with non-member countries, in particular with developing nations, with a view to improving the welfare and living standards of all people.

The guidelines, which are jointly addressed by member countries to multinationals, lay down standards for the activities of these enterprises wherever they operate.

Under general policies, the OECD guidelines urge that multinationals take into account established general policy objectives of the host country, not render any bribe or other improper benefit to any public servant, not make illegal contributions to candidates for public office and abstain from any improper involvement in local political activities.

The code also calls for greater disclosure of information and

fair competition policies such as refraining from participation in the "restrictive effects of ... cartels or restrictive agreements which adversely affect or eliminate competion."

It urges that multinationals consider the established objectives of their host countries regarding balance of payments and credit policies. On the subject of taxation, it says enterprises should, for example, refrain from using transfer pricing policies which do not conform to an "arm's length standard" (prices that would be paid for similar transfers between unrelated companies).

The code also makes pronouncements on the subject of science and technology. And it mirrors—although in less detail—recommendations on employment and industrial relations enshrined in another code produced by the International Labour Organisation, an autonomous body under the UN umbrella.

The ILO code, grandly called the Tripartite Declaration of Principles concerning Multinational Enterprise and Social Policy, has been in existence for just over two years. At the moment it is undergoing its first review, and questionnaires to gauge its effectiveness have been sent to UN-member countries.

The replies have been trickling in rather slowly but the ILO hopes to be able to start an analysis this month.

The ILO declaration represents a consensus of views on common worldwide social policy by governments, employers and employees. It is the outcome of thorough research and extensive consultations and relates to such issues as employment, vocational training, conditions of work and life and to reducing or resolving the difficulties to which the operations of multinationals may give rise.

The code sets out principles which governments, employers' and workers' organisations are recommended to observe on a voluntary basis.

It urges, inter alio, the promotion of employment in developing countries, the rights of equality of opportunity and treatment, security of employment, freedom of association, collective bargaining, consultation and examination of grievances.

While the objective of the code is to encourage the positive contribution that multinationals can make to economic and social progress, the ILO points out that it is also there to minimise and resolve the difficulties to which their various operations may give rise.

The ILO states that within the framework of development policies established by governments, multinationals can make an important contribution to the more efficient utilisation of capital, technology and labour. But, it adds, "advances made in organising operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interests of the workers."

The next step in the evolution of international guidelines for multinationals is the proposed "universal and general" Code of Conduct being discussed and drafted at the UN.

Wranglings

The UN has been working on the code for most of the 1970s, although much of this time has been spent in inter-governmental wranglings over procedures and emphasis. The fine print still has to be agreed, but enough work has been done on the subject to get a rough idea of what the code will eventually contain. What is evident is that it will be the most comprehensive set of voluntary guidelines yet produced, and certainly the most controversial.

The culmination of all this effort may occur later this year with the publication of a Code of Conduct, although certain aspects will be omitted because work is still some way from completion. These include the subjects of corrupt practices, and international accounting standards (work on which will take another five years at least). Restrictive business practices and the transfer of technology are being dealt with by an allied body, UNCTAD, the United Nations Conference on Trade and Development. Agreement on the first was announced last night.

Work on the code is being handled by the UN's Commission on Transnational Corporations, based in New York.

The objective is to have drafted a code in time for the Commission's annual meeting when it is held in the next few months, although latest reports suggest the draft may be postponed for another year.

Multinationals will be expected to have respect for national sovereignty, to observe domestic laws, regulations and administrative practices, and to adhere to national economic goals and socio-cultural objectives and values. They will also be called upon to have respect for human rights, not interfere in internal political affairs and inter-governmental relations.

In addition the code will contain guidance on ownership and control, transfer pricing and taxation. It will also recommend attitudes to employment and labour, consumer protection, environmental protection and disclosure of information.

For their part, host countries will be given guidance on how to treat multinationals within their borders and there will be references to nationalisation and compensation.

The original purpose of the various exercises was to provide a framework within which all parties could enhance their co-operation without conflict. It remains to be seen whether this will be the eventual outcome.

NOTICE OF REDEMPTION
To the Holders of

W. R. Grace Overseas Development Corporation

5¾% Guaranteed Sinking Fund Debentures Due 1980

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 15, 1965 under which the above-described Debentures were issued, Morgan Guaranty Trust Company of New York, as Trustee, has selected for redemption on May 15, 1980, through operation of the Sinking Fund, at 100% of the principal amount thereof, $1,250,000 principal amount of the above-described Debentures. The serial numbers of said Debentures so selected are as follows:

COUPON DEBENTURES OF $1,000

M112	1101	2391	3592	4959	6161	7281	8361	10023	10995	11551	12429	14130	15072	16870	19008	19405
204	1102	2414	3594	4978	6162	7285	8362	10028	10997	11553	12432	14158	15080	16870	19010	19407
206	1103	2563	3602	5091	6200	7286	8364	10029	11048	11554	12436	14159	15081	16877	18021	19408
207	1104	2571	3662	5093	6201	7298	8382	10044	11049	11555	12438	14160	15095	10882	19032	19409
233	1111	2587	3664	5094	6203	7313	8525	10045	11056	11558	12439	14101	15096	16888	18067	18412
370	1148	2588	3679	5095	6207	7315	8527	10047	11061	11559	12578	14162	15149	16898	18070	19410
371	1149	2604	3682	5090	6212	7490	9532	10068	11062	11562	12581	14163	15155	16899	18074	19416
373	1162	2612	3716	5101	6213	7496	8534	10110	11111	11564	12641	14164	15168	16993	19075	18417
388	1200	2709	3717	5102	6214	7501	8535	10139	11112	11565	12644	14165	15169	16904	18078	19419
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

On or after May 15, 1980, the Debentures selected for redemption will be paid upon presentation and surrender thereof at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015, or at the principal offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London and Paris, or Algemene Bank Nederland, N.V. in Amsterdam, or Credito Italiano in Milan, and Banque Internationale à Luxembourg in Luxembourg.

Debentures surrendered for redemption should have attached all coupons maturing after May 15, 1980. Coupons due May 15, 1980 should be detached and collected in the usual manner.

From and after May 15, 1980 interest shall cease to accrue on the Debentures selected for redemption.

W. R. GRACE OVERSEAS DEVELOPMENT CORPORATION

Dated: April 10, 1980

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUSINESS PROBLEMS
BY OUR LEGAL STAFF

Interest on foreign loan

The company for which I work is currently negotiating a loan with its Swiss holding company. Interest is to be paid in Swiss Francs at 12 per cent net of all charges, taxes, etc. Should we deduct income tax from these payments and account for this in the normal way? This would, of course, mean grossing up the interest payments in our records.

The UK subsidiary company should apply to its tax inspector for permission to pay the interest to its Swiss parent company without deduction of UK tax, by virtue of article 11 of the Switzerland-UK double taxation convention of December 8, 1977, (which is scheduled to SI1978/1408) and regulation 2(2)(a) of the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 (SI1970/488).

Unless such permission is received by the due date, income tax must be deducted as you say.

Removing a tenant

Your reply under Removing a tenant, on January 16, is similar to a problem being experienced by me. Just over three years ago I had a small factory to let. A local reputable manufacturer, who had supplied my retail business for many years, approached me stating that he had to have extra production urgently. He wanted to be in as soon as possible so we agreed on a nominal rent, with part occupation, until a lease was completed.

Although my solicitors have drawn up a draft lease there is very little action from his angle, and there is an amount outstanding for such items as heating oil and certain fitments.

When I approach my solicitors the answer is always the same: "Time is on our side." Is this correct? Will I be in a position to claim compensation if he fails to honour a lease?

You should invite your solicitors to consider treating the manufacturer as an informal tenant and serving a notice to quit pursuant to Section 25 of the Landlord and Tenant Act 1954. This will require the tenant to decide whether to apply for a formal lease (at the present market rent) or to lose the right of occupation. The only alternative then is for the tenant to rely on, and complete, your existing arrangements.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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LOMBARD

Missing issue in the Great Debate

BY ANTHONY HARRIS

ANYONE WHO has ever delivered what was planned as a stimulating or even provocative address, and then waited at question time while nothing could be beard but the creaking of cbairs ond the clearing of throats must feel for our monetary officials as this moment. For nine months they toiled in Great George Street and Threadneedle Street to produce the great Creen Paper on monetary control, and invited a debate. Results so far: a few polite coughs, a warning from Greenwells that they will have somethiog weighty to say in due course, and a good deal of silence.

Last resort?

It is all very natural. Practical bankers have evidently cooclnded that tbe Green Paper is about high policy rather than trading; they have seized instead on the liquidily paper. and engaged in the hallowed City sport of a good knock-down privote argument wilh Mr. Jobn Page. For exeryone who does mean to join in, it is reasonable to take a week or three to consider a reply to arguments wbich took so long to concoct. What is needed is a loosener, the irrelevant question from some fool who will rush in where Greenwells fear to tread. So bere goes.

Now, Mr. Chairman, about this matter of lender of the lost resort. It appears from the Green Paper that the official side has concluded thot all proposals for radical change are out of court because they would interfere with this last-resort lending. And wbot I want to ask is, just what do you mean hy a last resort?

I am sorry, that is not quite clear. What I mean is this. The old idea of a lender of last resort — the sort of thing that Walter Bagehot was discussing in Lombard Street — was somebody who would, in a crisis, lend his name to almost any piece of paper necessary to head off a bonking crisis. Now this is a kind of last resort I can understand; It is a last resort like a liferaft in a yacht — if all goes well, you will bever have to use It. Of course, kind of last resort — o currency crisis, in which it was necessary to push rates up to some astronomical level like 5 per cent and pull money in from Shanghai, but that was something of any emergency too.

Now, if I have followed this paper we ore supposed to be deboting correctly, you people bave quite a different idea. Last-resort lending is not about ony kind of emergency, it is about controlling interest rates. The whole aim is to keep the market coming regularly to you for funds whenever you want to give rates o nudge. That presumably is why there is so much stuff about forecasting the day-to-day demand for bank reserves, or liquidity, or whatever it is you are using as a fulcrum. You forecast the demand so that you can forecast whetber your own operations will produce the interest rates which you forecast will produce the right money numbers. No wonder you need so many economists.

I am sorry, Mr. Chairman, I really am trying to get to the point, I promise you.

Risk

Now what I a mtrying to ask, Mr. Chairman, is what has become of the old-fashioned kind of last resort, the rskiness of lending? That could surely have o place in monetary control. In a world of routine last resort, and lifeboats and all that there is not really much risk left, except perhaps in tbe commodity markets; but in the last resort — sorry, that is a pun — this means that you are creating a system for turning almost any kind of asset into money; and is not that what inflotion is all about?

No wonder you need to pusb interest rates up so high to discourage this kind of thing. So I would like to know what officials think is the proper bolance between eliminating risk and controlling monetary growth, because you do see, don't you, that they can pull In opposite directions?

Oh, you wanted technical questions? Then I am awfully sorry.

Sampling young burgundies and clarets

WINE

BY EDMUND PENNING-ROWSELL

EACH YEAR a large proportion of tastings for the trade and its institutional customers takes place in the first few months, when there is a new vintage to ahow or a slightly older one, recently bottled—this year 1979s and 1978s respectively.

For obvious reasons among the earliest are the beaujolais, ond two extensive tastings of the '79s have recently taken place in London. The first was for a co-operative known as Un Evantail de vignerons producteurs. Tbe group makes the wine individually but has it hottled and marked collectively. Its agent bere is David Peppercorn, 2, Bryanston Place, W1. The second was for Qulnson Fils of Fleurie, represented here by Frencb Regionol Shippers, 10, St. James's Place, SW1.

Since neither concern sells directly to the public, there is little point in mentioning individual wines, but some comments may be made on the vintage in genera). Not surprisingly in view of the great quanlity made, it is very light in colour and body. Some of the hasic wines could almost he taken for *rosés*. On the other hand they have an agreeoble aroma and the right style, so that they should make pleasant drinking, particularly over the summer months. With the advantage of being alightly cheaper than the '78s, they are, nevertheless, not ao good, just aa the '78s were inferior to the still excellent '76s.

But the '79 "cru" wines — Juliénas, Moulin-à-Vent, etc. — seem to me generally to lack depth of body and character, and the best buys may be found among the less-expensive Beaujolais Villages, particularly those from single vineyards. Let us hope that 1980 provides beaujolais with more "stuffing"!

Moving up the social scale, two comprehensive tastings of 1978 burgundies have been given by Bouchard Père et Fils of Beaune and Antonin Rodet of Mercurey. The recently bottled reds were difficult to taste, for the wine takes time to settle down in bottle, and the journey from Burgundy to London does not belp. Some of the Rodet wines ware cask samples, and rather usefully they indicated this or the month of bottling on the tasting list. So allowances could be made.

Tbe whites, bottled earlier, were less of a problem, and there is no doubt that the '78s are firm, fruity and crisp wines of considerable character. However, these days there seems to be an increasing use of new oak casks, a feature of many Chardonnay wines made in California, where, it is alleged, oak chippings are sometimes put into the casks. This adds tannin to the wine and imparts the most attractive aroma and flavour of oak. But seductive though this is, it can obscure the bouquet and taste of the wine; so that one asks oneself if it is oak or wine that ona is enjoying. In short, the young wines should not be left too long in casks that give off these qualities.

Bouchard's delicious Meursault Charmes and Puligny Folatières were strongly "oaky," though I was told that they hod not been in new oak, and this characteristic would diminish. The Rodet wines showed less, and the Mercurey Ch. de Chamirey was a fine, bold wine, worth looking out for. It is likely to cost about £5 a bottle, including VAT, compared with about £9 for the two Bouchard wines.

The Bouchard Montrachet, from the merchant's own slice of this 18-acre vineyard, will retail at around £250 a case. It is, as it should be, a wine of very fine character, with a lovely bouquet. The well-publicised high prices of the '78 burgundies did not prevent them being snapped up at source.

If the reds at both tastings were less Immediately attractive, for reasons already given, there is no doubt about the good quality of the vintage, though one wants to look for wines with plenty of colour. In spite of the much bigger crop last year, the better Côte d'Or '79s are no less expensive and certainly less good. Those over-produced will turn out poor and thin.

Two remarkable claret tastings have also taken place in London. The first, given by Harveys of Bristol, was of 28 '78s, from a light Côtes de Blaye, bottled in Bristol and retailing at around £26 a dozen, to Latour at about £190. The half-dozen or so inexpensive *petits-châteaux* were light, flavoury and likely to come round quickly; in price as well as in body and style a world away from the classed-growths. In between, and, as usual, excellent value for money, were the *bourgeois* and *bourgeois supérieur* growths.

Those I liked best, with approximate prices a dozen in brackets, were Fombrauge, St-Emilion (£46), Phélan-Ségur, St.-Estèphe (£54) and Chasse-Spleen, Moulis (£63). The last was particularly attractive, with very deep colour, fine nose and a big, but well-balanced, flavour.

Among the classed-growths I picked out Cos d'Estournel (£80), Lynch-Bages (£84), Pichon Lalande (£87), Ducru-Beaucaillou (£90) and Léoville-Las-Cases (£98). Of these my two favourites were the big-coloured, fruity though not over-tough Cos d'Estournel and the elegant, well-balanced Léoville-Las-Cases, which had some oak on the palate.

For those in the market for first-growths, my choice among the three shown—Latour, Haut-Brion and Margaux—would be the last-named, with plenty of colour, a fine Margaux nose and good balance; and at about £16 a case cheaper than the others. Maybe the big, deep-coloured, fruity but backward Latour will out-distance it, but it might out-distance many of us, too.

Then there was a remarkable assembly of 30 clarets of the 1970 vintage from the cellars of the Ritz Hotel. These demonstrated the excellence of a vintage that has plenty of colour, flavour and body, and they seem to have developed recently.

The starting wine was a Bas-Médoc growth known for its quality: La Tour-de-By, a round, fruity and very amiable claret (£10.25). The next that I particularly liked was the Chasse-Spleen, as outstanding in this vintage as the '78 at the Harvey tasting; a very deep-coloured wine with lots of flavour. A contrast was the much lighter Haut-Bailly, a typical "bricky" Graves that should be listed soon. Among five St-Juliens my favourites were the Ducru-Beaucaillou and the Beychevelle (£16.25). The Ducru had more body, but the Beychevelle was typically elegant.

The half-dozen Pauillacs included a rather disappointing Pontet-Canet (£17.50), and Batailley, but Les Forts-de-Latour, the second wine of Latour, had big colour and, though with some way to go, was nothing like as closed up as its senior, which lacked nothing but sufficient age. It was a much bigger wine than the Mouton-Rothschild (£33.50), with its usual deep hue and typical bouquet, but less body than expected. Particularly attractive was the Lynch-Bages, a huge-coloured claret with a bold flavour. The tasting ended with an assortment of St. Emilions and Pomerols, dominated by Cheval-Blanc and Pétrus; the former much the softer and more easy to drink now than the very rich, seductive Pomerol that should keep for many years.

This tasting was a remarkable demonstration of a wide well-chosen range of clarets of a fine vintage, and in terms of restaurant mark-up, the prices were not high for their quality and age.

Highway strong for Epsom test

RACING

BY DOMINIC WIGAN

NO SOONER have the Guineas Trials finished than the spotlight switches to the major stepping stones to Epsom.

This afternoon the home of the world's most famous horse race stages the first recognised test for Derby aspirants, the Ladbroke Blue Riband Trial.

Although today's eight-runner field for this Group Three event over a mile and 110 yards may not contain a three-year-old of unusuol potential, it should, nevertheless, prove well worth watching. For among the runners are Ireland's Larkspur Stakes winner, Johnny O'Day, as well as smart home-trained colts in Marathon Cold, Highway and Last Fandango.

Marathon Gold and Johnny O'Day, who respectively finished first and third in Goodwood's Lanson Champagne Stakes, should both go well, but I suspect tbat the winner will come from either Highwoy or Lost Fandangu.

Although Jeremy Hindley's Highway, with only one race behind him, faces an exacting task over tbis tricky switchback track, I do not see inexperience proving his downfall. A handsome, well-balanced colt, by High Top, he clearly knew his job well when batling on tenaciously to hold Running Mill by a head in a £4,000 moiden event at Sandown In the autumn.

Last Fandango, unraced as a juvenlle, has, nevertheless, slightly more racecourse experience than Highway for he has run twice recently. Never In the hunt when tacking well-tried opponents at Kempton on his debut, Last Fandongo left that form a long way behind at Newmarket on Thursday.

There are few trickier events in the racing calendar for the punter than the Great Metropoliton Handicop—the longest-establisbed race at Epsom—and it is with far more hope than confidence that Norfolk Arrow is suggested eoch way.

EPSOM
2.00—Dizzy Heigbts
2.30—Pitiless Panther
3.05—Norfolk Arrow
3.35—Highway***
4.10—Mt. Whitney
4.45—Hardinvest**

NOTTINGHAM
2.00—Rametta
2.30—Hego's Hero
3.00—Raconteur
3.30—Princely Cbief

TV/Radio

BBC 1

† Indicates programme in black and wbite.

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.00 You and Me. 2.32 For Schools, Colleges. 3.25 Dechrau Siarad. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Lassie. 4.40 The Perils of Penelope Pitstop. 5.00 John Craven's Newsround. 5.10 Think of a Number. 5.35 Captain Pugwash.

5.40 News (London and South East only).
5.55 Nationwide
6.20 Nationwide.
6.55 Strife with Father.
7.05 One More Time (London and South East only).
7.35 Life on Earth.
8.30 Time of my Life.
9.00 News.
9.25 Boxing: Heavyweight Championship of Europe: John L. Cardner v Rudi Gauwe.
10.20 Coming Alive.
11.05 Platform One.
11.35 News Headlines.
11.37 Family History.
12.05 Weather/Regional News.

All Regions as BBC-1 except as follows:—

Cymru/Wales — 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 7.05-7.35 Heddiw. 12.05 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.20 Current Account. 10.50 Edinburgh: Profile of a City. 11.40 A Family History. 12.05 am News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools (Ulster In Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 7.05-7.55 Hello Sunshine. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.05-7.35 East (Norwich) Timeslip; Midlands (Birmingham) The Grafters; North (Leeds) Rock Athlete; North East (Newcastle) Beamish Folk; North West (Manchester) Contrasts; South (Southampton) Don't Fence Me In; South West (Plymouth) According to Hoyle; West (Bristol) Razzmatazz.

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC-1 3.55 pm)
3.10 pm Snooker: Embassy World Professional Snooker Championship.
4.50 Open University.
6.55 Snooker
7.20 Mid-Evening News.
7.30 The Great Egg Race.
8.00 The Past at Work.
8.25 The Philpott File.
9.00 A Question of Guilt.
9.30 The Enigma Files.
10.20 Snooker.
10.45 Newsnight.
11.30 Snooker.

LONDON

9.30 am Schools Programmes. 11.55 The Undersea Adventures of Captain Nemo. 12.44 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 After Noon Plus. 2.25 Racing from Epsom. 3.45 Look Who's Talking. 4.15 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News
6.25 Help!
6.35 Crossroads.
7.00 Nurse of the Year.
7.30 Charlie's Angels.
8.30 George and Mildred
9.00 Playhouse.
10.00 News.
10.30 The English Garden.
11.00 "Winchester 73." starring Tom Tyron and John Saxon.
12.45 am Close: Personal choice with Dorothy Tutin.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 5.00 About Anglia. 7.00 Echoes of a Sogner Makor's Botrom Nocker. 7.30 "The Slob," starring Steve McQueen. 11.00 Inside Business. 11.30 Rush. 12.25 am You Have a Minute Loard?

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 The Tuesday Movie: "All Coppers Are." 11.00 ATV Newsdesk. 11.05 S.W.A.T.

BORDER

1.20 pm Border News. 5.15 Struck By Lightning. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Tuesday Movie: "Panic on the 5.22." 11.00 TV Movie: "Che," starring Omar Sharif and Jack Palance. 12.40 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and Weather. 5.12 Puffin's Birthday Greetings. 5.15 Bailey's Bird. 6.00 Report At Six. 7.00 Feature Film: "Two Rode Together." 10.28 Channel Late News. 11.00 Kaz. 12.00 George Hamilton IV. 12.25 am Commentaires et Prévisions Météorologiques.

GRAMPIAN

0.41 am First Thing. 1.20 pm North News. 6.00 North Tonight and Area Weather Forecast. 7.00 Survival. 7.30 A Man Called Sloane. 11.00 Reflections. 11.05 The Tuesday Thriller: "Jigsaw John." 12.20 am North Headlines.

GRANADA

11.50 am Bubblies. 5.10 This Is Your Right. 5.15 Happy Days. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Tuesday Film: "Gypsy Moths." 11.00 Basketball: British Olympic Squad v. American All Stars. 11.35 S.W.A.T.

HTV

1.20 pm Report West Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 7.00 The Tuesday Movie: "The Wrath of God," starring Robert Mitchum. 11.00 "Hustling," starring Lee Remick.

HTV Cymru/Wales—As HTV West/ HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Bywyd. 11.15 World In Action. 11.45-12.15 am How's Your Father?

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 1.30 The Sullivans. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take the High Road. 11.00 The Practice. 11.30 Late Call. 11.35 Celebrity Concert—Charles Aznavour.

SOUTHERN

1.20 pm Southern News and Weather. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 The Incredible Hulk. 11.00 Southern News Extra. 11.05 "Walk A Crooked Path," starring Tenniel Evans and Faith Brook.

TYNE TEES

0.20 am The Good Word, followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 A Sharp Intake of Breath. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 TV Movie: "Blue Night." 11.00 North East News. 11.02 Tuesday Movie: "Camp on Blood Island." 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 Tuesday Movie: "The Black Swan," starring Tyrone Power and Maureen O'Hara. 10.29 Ulster Weather. 11.00 Soap. 11.30 The Electric Theatre Show. 12.00 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 7.00 Feature Film: "Two Rode Together" starring James Stewart and Richard Widmark. 10.28 Westward Late News. 11.00 Kaz. 11.55 George Hamilton IV. 12.20 am Faith for Life. 12.28 West Country Weather and Shipping Forecast.

YORKSHIRE

11.55 am The Bubblies. 1.20 pm Calendar News. 3.45 Calendar Tuesday . . . At Your Service. 5.15 Father, Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 "The Blue Knight" starring George Kennedy. 11.00 The Tuesday Night Film: "Order to Kill."

RADIO 1

(s) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Jaya Cooper. 9.50 Newsbeat. 10.00 John Peel (s). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 5.02 Glamorous Night (s). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (s) including 5.15 Pause for Thought. 7.32 Terry Wogan (s) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (s). 12.03 pm David Hamilton (s). 2.03 Ed Stewart's Request Show (s) including Racing from Epsom. 4.03 Much More Music (s). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (s). 6.03 John Dunn (s). 8.02 Hubert Gregg says I Call It Genius: Lorenz Hart. 9.00 Boxing Special: John L. Gardner v Rudi Gauwe. 10.30 The American Way of Laughs. 11.30 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (s).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This week's composer: Bax (s). 10.00 Chopin and Schubert piano recital (s). 10.40 Sheffield University Concert, part 1 (s). 11.20 Interval reading. 11.25 Concert, part 2. 12.00 Royal Liverpool Philharmonic Orchestra, part 1 (s). 1.00 News. 1.05 Six Continents. 1.25 Royal Liverpool PO, part 2 (s). 2.10 Lausanne and Gabrieli concert (s). 3.45 Dennis Brain in Chamber Music by Ferguson, Mozart. 4.25 Jazz Today (s). 4.55 News. 5.00 Mainly for Pleasure (s) († and mono only from 6.20). 7.00 BBC Manchester Masterconcert, part 1: Goehr, Walton (s). 8.00 Virgil's Eclogues. 8.15 BBC Manchester Masterconcert, part 2: Prokofiev (s). 9.00 Willa Cather (talk by A. S. Byatt). 9.45 The Piano Music of Busoni (s). 10.45 Music In our Time (s). 11.55-12.00 News.

VHF only—6.00-7.00 am and 5.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day, 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call (Water Sports). 10.00 News. 10.05 Medicine Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 The Inheritance (s). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Wrinkles (s). 7.00 News. 7.05 The Archers. 7.20 On the Square: The masonic movement in Britain today. 8.05 In Touch. 8.30 Choirs of Wales. 9.15 Down the Garden Path. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

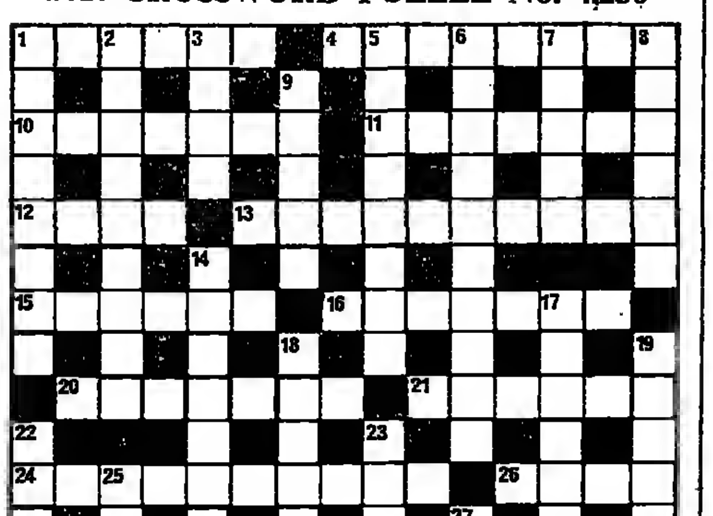
London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes: (Schizophrania). 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline, with guest: Trevor Bailey. 12.00 LBC Reports Midnight. 1.00 Tere Jefferies —Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (s). 9.00 Michael Aspel (s). 12.00 Dave Cash (s). 1.00 pm London Today First Report (s). 1.10 Dave Cash (continued). 3.00 pm Roger Scott (s). 7.00 London Today (s). 7.30 Adrian Love's Open Line (s). 9.00 Nicky Horne's "Your Mother Wouldn't Like It." (s). 11.00 Tony Myatt's Late Show (s). 2.00 am Duncan Johnson's Night Flight (s).

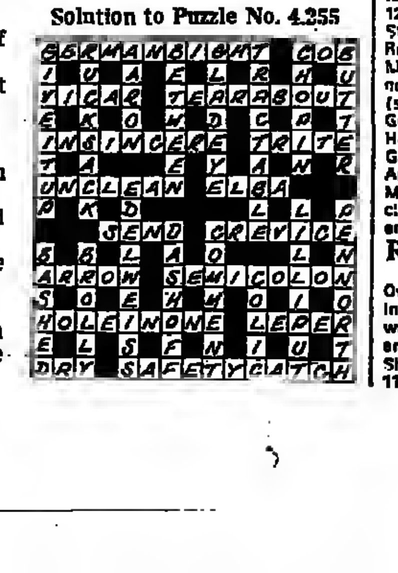
F.T. CROSSWORD PUZZLE No. 4,256



ACROSS
1 Tax returns in alarm (6)
4 Kidnaps songs? (8)
10 A pledge to acquire is in France (7)
11 Points almost unnecessary in a bousewife (7)
12 Put love first although an emperor (4)
13 Look about a branch for the schoolboy's weapon (10)
15 Hospital returns to nothing for the geographer (6)
16 A judge from the East finds an Atlantic islander (7)
20 Naughty children wander in the hills (7)
21 Toffs spring aboard (6)
24 Weok glue, a shilling, for what's-his-name (10)
26 Dead confusion in Scandinavian literature (4)
28 "And, o you mortal —, whose rude throats" (Othello) (7)
29 Stocks of melodies (7)
30 "The unsunned heaps of miser's —" (Milton) (8)
31 Whence to travel North? Put us in college (6)

DOWN
1 An Oxford college on which one does not pay (3, 5)
2 Found in the orchestra and pulls his weight (9)
3 A strange time for a piece of news (4)
5 Lucerne is unequalled (8)
6 Inside information from those who are dishonourable (3, 3-4)
7 Fifty in the company of a composer (5)
8 Raises confused victim of nail and hammer (6)
9 A slippery customer is after the good man with a knife (5)
14 Abraham's concerned about the source of these early people (10)
17 Everyone gets to notice the split in general lack of guidance (3, 6)
18 He raises one's hopes—a professional niggard (8)
19 The killer gets in after a couple of fools (8)
22 Bear witness at a trial (6)
23 There is little time to employ a timid person (5)
25 Fire to be found in morning levée (5)
27 A city of French language (4)

Solution to Puzzle No. 4,255



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA Tomor & Sat 7.00: Aida. Thurs 7.30: Tosca. Fri 7.30: The Barber of Seville. 104 balcony seats avail from 10 am on day of perf.

COVENT GARDEN. CC. S. 240 1066 (Gardencharge credit cards 836 6903). THE ROYAL OPERA Ton't Fri & Mon 7.30: La Fanciulla del West. Thu & Sat 7.30: Die Zauberflöte. 65 Amphi. seats avail. for all perfs. from 10 am on day of perf.

DUKE OF YORK'S. CC 836 8122. Sun. 18 May, 7.30 VICTORIA DE LOS ANGELES in conversation with Alan Blewewright. Audio-visual illustrations. Special guests: Gerald Moore & Timothy West. Booking Opens today.

SADLERS WELLS THEATRE, EC1. 837 1672. CC 837 3856-7506. April 28 to May 3. Evgs 7.30. Mat Sat 2.30 Contemporary Dance Company from Japan. MIEKO FUJI.

THEATRES

ADELPHI. CC. S. 01-836 7611. Evgs. at 7.30. Sat. 4.00 and 7.45. Mats. Thurs. 3.00. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS & ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY NOW BOOKING TO OCT. 1980. For group Bookings ring 01-836 7358 or 01-379 6061.

ALBERY. S. From 9 am 01-836 3878. CC. 370 6565. Group Bkgs. 836 3962. Evgs. 7.45. Mat. Thur & Sat 4.0 OLIVER! GEORGE LAYTON, HELEN SHAPIRO. CHILD FREE with each ADULT valid 16 years or under at time of purchase.

ALDWYCH. S. 836 6404. CC. 379 6233. (10-6, Sat. 10-4). Info. 836 5332. ROYAL SHAKESPEARE COMPANY. Eves 7.30. Thur., Sat. mat 2.00. From Stratford-upon-Avon TWELFTH NIGHT. RSC also at The Warehouse and Piccadilly Theatre.

APOLLO THEATRE. S. CC. 01-437 2663. Parties 01-379 6061. Mon-Fri 8.00. Wed 3.00. Sat 5.00 & 8.15. Wed mats ½ price. MICHAEL GOUGH, PHYLLIS CALVERT in BEFORE THE PARTY by Rodney Ackland. Story by W. Somerset Maugham. Directed by TOM CONTI.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mat. Thurs. and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Group sales Box Office 370 6061.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. An Evening with TOMMY STEELE and his Company. Evgs. Mon.-Thur. 8.30. Fri and Sat. 6.00 and 8.30. Book now.

QUEEN'S. 01-734 1166. The highly acclaimed production BEFORE THE PARTY transferred to APOLLO. See APOLLO for details.

QUEEN'S. CC. 01-734 1166. Opens Wed. Apr. 30 at 7. Red. price prevs. This Saturday, April 28 & 29 at 8.0. Tom Courtenay, Freddie Jones in THE DRESSER. The new play by Ronald Harwood. Directed by Michael Elliot.

RAYMOND REVUEBAR. CC. 01-734 1593. At 7.00, 9.00, 11.00 pm. Open Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts. New Girls. New Thrills. 23rd sensational year. Fully air-conditioned.

ROUND HOUSE. 01-267 2564. Mon.-Thurs. 8.00. Fri. & Sat. 5 & 8.15. ONLY IN AMERICA. Devised by Ned Sherrin on songs by Leiber & Stoller.

ROYAL COURT. S. CC. 730 1745. HAMLET by William Shakespeare with Jonathan Pryce as Hamlet. Jill Bennett as Gertrude. Evgs. 7.30 sharp. "A tremendous Hamlet . . . it demands to be seen." S. Times.

ROYALTY THEATRE. 405 8004. Opens May 22 at 7.00. Reduced price previews from May 14. Sub. Evgs 7.30. Mats Wed & Sat. 3.0 BARNARDO. The Great British Family Musical with James Smillie & Fiona Fullerton featuring the George Mitchell Singers and his East End Kids with great supporting cast. Group Sales Box Office 379 6061. Advance Box Office now open 370 6061.

ST. MARTIN'S. CC. 836 1443. Evgs. 8. Matinee Tues. at 2.45. Sats. at 5 & 8. Agatha Christie's THE MOUSETRAP. World's longest-ever Run. 28th Year.

SADLER'S WELLS THEATRE, EC1. 837 1672. CC 837 3856-7505. Until Fri. 7.30, Sat. 3 & 7.45 Hornsey Operatic & Dramatic Society in FIDDLER ON THE ROOF.

[illegible]

WHITEHALL THEATRE. 930 7765. Reduced price previews May 8, 9. Special Preview May 10. OPENS May 12. Paul Raymond presents FIONA RICHMOND and a Red-full of Beauties in WOTT NO PYJAMAS! Featuring Men Only Magazine's Sensational Playmates of the Year. Advance Box Office Open.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. Hotter than ever for 1000. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. S. 01-836 3028. CC bkgs. 379 6565. Tickets only £1.80-£4.80. Evgs. 8.00. Fri. and Sat. 6.00 and 8.40. Belt and Braces in ACCIDENTAL DEATH OF AN ANARCHIST.

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: APOCALYPSE NOW (X). Wk. & Sun. 1.15, 4.30, 7.58. 70mm Dolby Stereo. 2: STARTING OVER (AA). Wk. & Sun. 2.00, 5.00, 8.05.

CLASSIC ENTERTAINMENT
Teledata 01-200 0200

CLASSIC 1, 2, 3, 4, CHELSEA, King's Rd. 352 5096.
1: Lee Strasberg BOARDWALK (AA). Progs: Sun. & Wk. 2.00, 3.40, 5.55, 8.40.
2: Art Garfunkel BAD TIMING (X). Progs. Sun. & Wk. 2.20, 4.55, 8.05.
3: LAST 2 DAYS! Omar Sharif DOCTOR ZHIVAGO (A). Progs. Sun. & Wk. 2.25, 7.10.
4: LA CAGE AUX FOLLES (AA). Progs. Sun. & Wk. 2.45, 5.15, 8.10.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527.
1: BAD TIMING (X). Progs. 1.00 (not Sun.), 3.05, 5.40, 8.10.
2: LAST 2 DAYS! Dudley Moore '10' (X). Progs. 1.00 (not Sun.), 3.05, 5.40, 8.15.
3: APOCALYPSE NOW (X) in Dolby Stereo. Progs. 1.10 (Sun. 1.30), 4.20, 7.30.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube).
1: ROCKY II (A) in Dolby stereo. Progs. 1.00, 3.30, 5.55, 8.25.
2: Bette Midler THE ROSE (X) in Dolby Stereo. Progs. 2.00, 5.00, 8.00.
3: STARTING OVER (AA). 1.30, 4.00, 6.30, 9.00. TRUCKIN' (AA). 12.50, 3.20, 5.50, 8.20.
4: LAST 2 DAYS! NORTH SEA HIJACK (A). Progs. 1.00, 3.30, 6.00, 8.35.
5: THE LORD OF THE RINGS (A). Sep. Perfs. 2.00, 5.00, 8.00.

CLASSIC, Leicester Square. 01-930 6915. Oliver Reed THE BROOD (X). 1.05 (not Sun.), 3.45, 6.20, 9.00. CRUEL PASSION (X). 12.05 (not Sun.), 2.40, 5.20, 8.00.

CURZON, Curzon Street, W1. 499 3737. GET OUT YOUR HANDKERCHIEFS (X). English titles. Progs. at 1.48 (not Sun.), 3.55, 6.10, 8.30.

ODEON HAYMARKET (930 2738-2771). SUPERMAN — THE MOVIE (A). Sep. perfs. 1.35, 4.45, 8.00.

ODEON LEICESTER SQUARE (930 6111). KRAMER vs. KRAMER (A). Sep. perfs. Drs. Open Dly. 1.15, 4.15, 7.45. All Seats May Be Booked In Advance at Theatre Box Office, or by Post.

ODEON MARBLE ARCH W2 (723 2011-2) [illegible]

ART GALLERIES

[illegible]

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مكتبة الأعمال

THE ARTS

The Florence of the Medici

by ROY STRONG

Things had not improved much in Florence nearly a fortnight after my colleague William Packer gave us his first impressions of this mighty spectacular on the Medici. Although the visiting curators had ceased to stamp their feet and had departed, there were few signs that tha unfinished exhibitions would ever be finished. If the catalogue on the Medicean collections in the Palazzo Vecchio was anything to go by large tracks of it will never be assembled (the portrait of Queen Elizabeth I, for a start, was still on the walls of the Pitti). Catalogues to the exhibitions on Science at the Laurenziana, on the Medici and Europe at Orsanmichele and on Magic, Astrology and Alchemy at the Science Museum had still not appeared. In a way it cheered me. Whatever else may be wrong with Britain when it comes to organising, designing, cataloguing and actually opening an exhibition we deserve a medal.

To me the exhibitions as a whole were thin on great works of art (which are impossible to move anyway) but strong on ideas. Perhaps this reflected the overwhelmingly academic nature of the contingent that staged the shows. A museum person would have used one object to make a point whereas an academic wants every footnote in the book, as witness the deluge of tapestries covering acres of the Palazzo Vecchio, each one cancelling tha other out. For the average visitor, however, there is a unique opportunity to refocus on what the last 25 years of international scholarship on the Italian renaissance have been about. It makes one reflect profoundly as to how far we have travelled from the simplistic nineteenth century view of the renaissance as an idealistic, pagan, rationalist and emancipating movement. It is, therefore, the fringe exhibitions which have been done on a shoestring that most excite.

The revival of antiquity that is the essence of the renaissance age we now realise was also a revival of the less rational aspects of classical culture, a reinforcement and reawakening of magic and astrology. Marsilio Ficino stopped translating Plato in order to translate the texts of the *Corpus Hermeticum*, that strange compendium of occult thought and astral magic that it was believed was written by Hermes Trismegistus and embodied sacred truths of ancient Egyptian wisdom, philosophy and magic. No wonder old Cosimo de Medici wanted to read it before he died! Poala Zambelli's exhibition on *Magic, Astrology and Alchemy* tries in a small space to deal with this (amongst other things). Through the Hermetic revival we see the emergence of the renaissance *magus*, we begin to understand the newly elevated role of man the microcosm as man the *magus* who through this revival of the occult is able to control the physical world. Out of this comes over a century of redefining the boundaries of natural as against black magic.

In other words out of something irrational and bizarre was to come some of the great forward leaps of the European mind. Ficino's solar magic could lead to the Coparnican theory. Dr. John De's dabblings in the spirit world are revealed as totally compatible with his encouragement of the Elizabethan voyages of discovery. And we only have to stand inthe *studiolo* of the Grand Duke Francesco in the Palazzo Vecchio, with its images of art fashioning nature stemming down from the coffered ceiling on which float the elements and the humours, to its wall where these particularise into pictures of pearl fishers or o fthe ducal workshops blowing glas sor making bejewelle dcrowns, to realise that the visual arts in one aspect taka on a strongly magical strand in the late renaissance.

Art subjectin gnature, art as expression of power over the natural world and, by extension, within a society propelled towards absolutiam, art as vehicle fo rthe royal will. *La Scena del Principe* at the Palazzo Medici Riccardi is perhaps the most successful of all the exhibitions .This is its point, one which it makes forcefully the Medici as purposeful developers of festivals and the illusionistic theatre. There are the marvellous designs fo rthe celebrated *intermezzi* of 1589, from which our modern opera descends, for the *state* entries into Florence of successive grandduchesses and ones by our own Inigo Jones *fiorentino*. But all these are periphery to this central theme of power and glory an dthe means whereby it might most potently be assarted to subjects and to the amazement of the rest of Europe. I have never seen a heeter series of models, beautifully made tracing the evolntion as street theatre moves indoors and the renaissance revival of the mechanics o fthe Alexandrian School leads to the theatre we know,fi an andiorium and a proscenium arch hehind which, by staggering feats of engineering, successive Platonic visions come and go to the glory of the Medici. This is a thrilling exhibition because it is controlled and selective.

La Scena del Principe is the result of a generation of research on renaissance festivals, the study of which to serious intent began only in the 1950s. The exhibition in the Laurenziana catches another expanding subject, the history of science. And yet going around the exhibition (no catalogue yet!) one realised how integral all this was to the aesthetic explosion of the renaissance. Just as the theatre of illusion would never have come to fruition without the engineering revival so, for instance, is there an equal dependence between the mastery of naturalism and the recording of the phenomena of the natural world which reaches the status of an obsession in the late renaissance. Jacopo Ligozzi's rendering of a flower or a lizard is simultaneously a miracle of observation and a work of art. The mastery of drawing was like the acquisition of a new alphabet enabling man to record the coastline of the New World or the tackle needed to undertake the amputation of an arm or leg.

I welcome this celebration of *cinquecento* Florence. I have no time for its all too familiar dismissal as the decadence. Of course *quattrocento* Florence will always reign in its pristine purity hut grandducal Florence from Cosimo I to Cosimo II was an astounding phenomenon in late 16th and early 17th century Europe. It was a rich, united and well-governed state. It remained one of the *stati liberi*, along with Venice and Savoy, a candle burning before it was finally to he snuffed out by Habsburg domination, Counter Reformation obscurantism and its own canker within. One sees increasingly clearly that the period between the defeat of the Spanish Armada and the outbreak of the Thirty Years War was one of hope. Through a minute examination of the physical universe, a helief in the power of occult influences and a faith in messianic rolers such as Henry IV of France, there seemed a possibility that new reconciliations might be found to shore up a once united world picture. Alas, it was not to be.

Bernardo Buontalenti's sketch for Necessity and the Three Fates in the first intermezzo of 1589

Festival Hall

Berlioz' Requiem

by DAVID MURRAY

On Sunday André Previn made his first appearance with the London Philharmonic, and the auspices were very good. Of all the major Berlioz works the Requiem suits the Festival Hall least well—the music was calculated to be heard in Les Invalides—and most needs creativa adjustment to the relatively close-up, distinctly dry acoustic. There are many sonorities in the *Grande Messe des Morts* (not just the famous flute-and-trombine chords) that are exactly expressive in the right ball, *merely* bald *and peculiar* in the wrong one. With alert playing by the LPO, Previn succeeded in both reminding ua ho wspare and un-padded the score is, for all its brass hands and massed timpani, and ensuring that it sounded cogently imposing.

Nothing misfired, though the full sombre gravity of the music could not always be re-created in the circumstances. Part of Previn's tactic was to keep most of the tempi prudently brisk, in the absence of a cathedral acoustic to sustain more majestic speeds. The dramatic structure of the piece was aharply carved none the less. The great multiple brass entry was awesome as well as thrilling (a little imprecision only added to the impression of depth). Sonorous effects that demand grand isolation, like those chords in the Hostias, were always allotted enough space; more might have been granted to the bare, linear opening, which missed its bated-breath anxiety. Only the Offertorium sounded indeterminate, as if Previn had not yet decided what it is for; every other movement bad the marks of a purposeful, idiomatic reading.

The strong tenor soloist in the Sanctus was Robert Tear, fervant and secure in bis taxing music without taking the easy falsetto way out. The London Philharmonic Choir sounded no more French than he did, but lost a little more — the chorus lenors, in particular, rarely made a bright enough noise with their entries (especially at the "Te decet bymnus," and in the explosion of the Dies irae): greater numbers would have heen an advantage. They found a fine cutting edge for the Lacrymosa, and everywhere their pitch was confident. The whole performance bad the degree of polish that comes nowadays only with linked recording sessions (a disc version is to appear) or Celibidache. It was honestly stylish and exciting, if not monumental — and a ripe cathedral performance of the Requiem often smooths away the rough Romantic originality of the score, its dsring experimental fantasy, which Previn beld professionally in focus. No subjective pleading, plenty of attentive expertise: just what Belioz requires.

Radio 3

Die Liebe der Danae

by RONALD CRICHTON

On Sunday afterooon the BBC embarked on a complete series of Stranss operas, starting not with the early *Guntram* but with the late *Liebe der Danae* — it might be illuminating to continue the progress backwards, seeing Strauss's peculiar development from an unconventional angle. *Danae* (completed 1940) was the last hut one of his 15 operas to he written and the last to be performed, beaten to the starting point by the scenically less demanding *Capriccio*. It was shelved during the war but reprieved for the Salzhurg Festival of 1944—the composer's 80th birthday. Political developments eventually stopped public performance, though the production reached dress rehearsal. The official premiere came in 1952 — Salzhurg again, three years after Strauss's death. The subsequent Munich production was brought to Covent Garden the following year. No British company has so far tried the work.

This "light - bearted mythology" was the third collaboration with the theatre-historian Josepb Gregor. It represents Strauss'a current amhition to write a really light comic opera, to change places for a night as it were with Offenbacb or Johann Strauss. Of course it didn't come out like that. Gregor's libretto acknowledged a debt to Hofmannsthal, who had sketched independently a similar fusion of the myths of Midas with the golden touch and of Jupiter's descent on Danae. The succession of fairly short scenes is serviceable, but the language —at least hy Hofmannsthal's standards—is dead stuff. It none the less drew from Strauss some lovely music for Danae, transparent and genuinely simple, and for Jupiter with whom, heing saddled with a real-life Juno, he may well have identified. There is also some of the customary fluent note-spinning and some attempts at "light-beartedness," in the Act 3 Danae-Midas dnet for example, which on the air sounded simple in the wrong way.

This is a slap-up studio performance with Sir Charles Mackerras conducting the BBC Symphony Orchestra. He isn't the kind to wallow in golden moments hut he knows how to keep the texture light and flowing. The title-role went to Arlene Saunders, whosa voice bas gained immensely in character since 1 last heard ber—after an unsettled first scene she sang deliciously. Norman Bailey's Jupiter was full of warmth, godly wrath aod rueful resignation. Midas was Kenneth Woollam, good in the quieter music, hard-pressed in the heavier pages (Strauss never found out how to write for heroic or near-heroic tenors). The four queens, former and willing victims of Jupiter in various guises were Elizaheth Gale (Semele), Alison Hargan (Europa), Patricia Price Alkmene), Linda Finnie (Leda). The broadcast left one with a feeling that *Danae* will turn up in the opera house. In English, let us hope—Gregor has litle to lose hy translation.

St. John's, Smith Square

Horniman Singers

by FRANK DOBBINS

The recent proliferation of small amateur choirs concentrating on Renaissance music has been phenomenal and parallels a compartive decline in the larger choral society. The extra demands of singing exposed polyphony with only three, four or five voices per part and without instrumental support have been overcome by the remarkable commitment of the singers and their dedicated directors. The latest choir to display its acihevements in the august temple of music in Smith Square is the Hornman Singers, a group of twenty-one young men and women who meet and practice as a weekly evening class at the Horniman Museum in Forest Hill under the keen and energetic direction of Coin Mawby.

The programme presented last Saturday included a substantial selection of well-known sixteenth century sacred polyphony alternating with plainchant asociated with services for Passiontide and Easter. The first half began with a devotional partsong "Woefully arrayed" by William Cornysh, proceding through a plainchant version of the Lamentations of Jeremiah to the famous five-part setting by Thomas Tallis and including between six four-part Responsories for Holy Week by the Spanish master Victoria. The extended plainchant was sung with clear timbre by a tenor soloist who encountered some prohlems in maintaining amooth melismatic articulation. The solo episodes in the Responsories also showed occasional signs of strain with the sopranos being particularly stretched by the end of such a long aequence. However, the choir as a whole responded magnificantly to Mr. Mawby's fluctuating tempi and dynamics, reacting aensitively to the changing textual nuances, whila *ensuring lucid polyphony and* well-balanced harmony.

The second balf's metamorphosis from darkness into light was characterised by the choir changing from black formal to more informal dress. Plainsong propers for Easter now sung by three tenors and thre sopranos demained somewhat uneven, bnt the accompanying five-part mass by Palestrina retained the energy of its amorous madrigalian model — Rore'a "Qual'è più grand', o Amor." Despite the long and taxing programme, the choir showed renewed vigour in their conclusion, exuberantly exalting in the exciting cross-rhythms of Byrd's *Haec dies*.

London's first show for guitar makers and players

Guitar '80 ia tha title of the first-ever workshop and exhibition exclusively for guitarists and guitar makers to be held in Kensington's new Town Hall between June 4 and 6.

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Further information from Tim Hartley, Musicians Only, Surrey House, 1, Throwley Way, Sutton, Surrey. 01-643 8040.

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Purcell Room

Suoraan by MAX LOPPERT

"The audible (and visual) degree of difficulty is to be drawn as an integral structural element into the fabric of the composition itself": this pronouncement, abstracted from the preface to Brian Ferneybough's *Cassandra Dream Song*, might be taken to serve as the composer's artistic credo. In the three Ferneyhongh pieces played in Sunday's contemporary music recital by the chamber group Souraan, that "structural element" was increasingly appreciable. An early Invention for piano, revised for this concert, was a hrief, turbulent calling eard — no more. *Coloratura* (1966) for oboe and piano, beautifully sbaped by Christopber Redgate and Michael Finnissy, still preserves a sense, in the cascading wbirl through which Ferneybough impels his performers, of colour achieved according to the natural tendencies of both instruments.

It is in the *Dream Song* (1971), for solo flute (Nancy Ruffer, greatly impressive), that the peculiar cbaracter of Ferneyhough's music came through most stroogly. The intention of the writing is to drive the flantist to, and against, the limits of the flute, to create a sound-vision, in great bursts and hunches of notes, of multiple strands of counterpoint, of multiple tone-colonr contrasts. One felt the need, when the music ended, of still further exposure thereto, to discover whether the generalised, gritty integrity that emerges is all that can he expected, or whether the aound and the fury signify something.

It was a witty conceit to contrast this music, hardly assimilable in its striving complexity, with a selection of John Cage progressively intent on forging artistic strife and complexity. The performances of the early *Composition for 3 Voices*, the Dream for solo piano (1948), and a paste-up of various *Concert* elements were all a little lacking in authentic Caged cool; Josephine Nendick's clear voicing of *The Wonderful Widow of 18 Springs* is familiar, and admirable. New pieces by Suoraan directors James Clarke and Richard Emsley brought each half to a close: Clarke's *Laula laulata* proved not entirely negligible, though the displacement of wordless song (mainly for oboe and voice) by a final jazzy free-for-all seemed both gratuitous and ill-assorted.

Leeds Town Hall

Mozart Concertos

by ARTHUR JACOBS

Brussels, Paris, Geneva, Budapest, Warsaw, Moscow, Leeds: all are homes of major international competitions for young musicians. Last week Leeds was, for the first time, bost to the co-ordinating body for such events, the Fédération des Concours Internationaux de Musique. Welcomed by Fanny Waterman on behalf of the Leeds International Pianoforte Competition, the delegates were honoured on Saturday night by a civic gala concert at which three outstanding young musicians performed Mozart with the Scottish Baroque Ensemble. The Bulgarian violinist Vanya Milanova and the Hungarian pianist Andras Schiff are both now resident in Britain, and Malcolm Messiter (oboe) is one of our best native instrumentalists.

"Baroque," in its older pejorative sense of "extravagantly and grotesqnely ornate" is a word that could well apply to the interior of Leeds Town Hall, recently restored to its Victorian flamboyance of decoration and colour. The Scottish *Baroque Ensemble* has less claim to the word in its modern historical sense: it plays modern instruments, not those of the baroque period, and makes no speciality of that period's music. It is in fact a group basically of 13 strings, skilfully directed from the first violin desk by Leonard Friedman. Augmentad for this occasion, it provided firm and pleasurable accompani-

Malcolm Messiter's performance of Mozart's Ohoe Concerto would bave done bonour to any concert. A ravishing tone, an exciting agility, and a most sensitive response to the composer's musical phrasing were combined to raise a work of "lesser Mozart" almost to the lofty regions of the Clarinet Concerto. The subtle variation which Mr. Messiter applied to repetition of phrases was particularly fine.

Vanya Milianova's performance of the Violin Concerto in A, not capturing the same intensity, was nevertheless attractive in its flow and accuracy. I felt, sometimes, that a technique able to tackle Chaikovsky was being not quite successfully reined in to cope with Mozart'a restricted scope. There was oot much repose—an impression strengthened by the soloist's restlessness on the platform.

Andras Schiff displayed his art in Mozart's two-piano concerto with his British teacher, George Malcolm. Here the acoustics of the town ball did their worst. The orchestra, pushed back on the platform to accommodate the two pianos was insufficiently strong in tone, wbile tbe sonnd of the pianos (with their lids removed) vanished somewbere in the heights instead of being directed to the audience. Confusion was only increased by Mr. Malcolm's deliberate adoption of an over-caressing, *insufficiently crisp keyhoard* style, witb large belpings of *rubato*. (I approved, bowever, the use of the keyboard instruments in a *continuo* role during the orchestral *tutti* passages.) In this context Mr. Schiff's undoubted ability was hardly to be appreciated.

As if the gap between the modern grand piano and the historic Mozart sound were not problematic enough, tha duettists then gave as encore the finale of Bach'a Double Concerto in C, in which odd themes only occasionally emerged from a jumhle of sound. That such a distinguished harpsichordist as Mr. Malcolm should he so curiously pre-occupied with the piano may bave puzzled the internstional delegates as much as it did me.

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

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Extracts from the 1979 Chairman's Statement

* Operating profit increased from R73,684,000 to R100,156,000 as a result of increased production of hoth gold and uranium and the higher average gold price received of U.S. $304 per ounce as compared with U.S. $200 per ounce in 1978, despite a significant increase in costs and the planned reduction in grade.

* Dividends increased from 450 cents per ahare to 600 cents per share absorbing R32,481,000.

* Uranium production increased from 117 tons to 417 tons. Throughput in the Cooke uranium plant now matches that of the gold plant and the emphasis ia on improving recovery efficiencies. Production ia likely to reach an annual rate of about 700 tons later in the year.

* As announced in the press on 3rd Novemher, 1979, the grade and tonnage estimates in respect of the in-situ reserves remaining in the Randfontein Section were considered to be overstated in the light of current aampling. No complete explanation has as yet heen provided hut the investigations have highlighted many factors as contributing causes. However, the company's technical advisers report that the Section has a life of at least four years. It is anticipated that any shortfall in uranium production will in due course be met by production from the Cooke No. 3 shaft area.

* A decision has been made to proceed with the sinking and development of the Cooke No. 3 ahaft and to expand treatment facilities at the Cooke Plant by 150,000 tons per montb. Underground production is planned to commence in 1985 and the total estimated cost is aome R200 million in 1980 terms.

* Capital expenditure is likely to total R46 million in 1980. This expenditure includes some of the costs associated with starting the Cooke No. 3 shaft and the cost of a ventilation shaft necessary to provide improved working conditions in the Cooka No. 1 and 2 shaft working areas.

B. A. Smith
Chairman

21 April 1980

SUMMARY OF OPERATIONS

		Year ended 31 Decemher 1979	1978
Net profit from gold and silver	—R000'a	83,245	70,156
Net profit from uranium	— ,,	14,932	2,662
Capital Expenditure	— ,,	22,727	58,405
Tax and State'a share of profits	— ,,	7,182	—
GOLD			
Tons milled	—000's	3,921	1,850
Recovery	—kilograms	23,486	21,106
	—grams per ton	6.0	11.4
Average price received	—per kilogram	R8,160	R5,604
	—per ounce	U.S. $304	U.S. $200
Revenue	—per ton milled	R49.11	R64.16
	—per ounce	U.S. $305	U.S. $201
Costs	—per ton milled	R27.88	R26.44
	—per ounce	U.S. $173	U.S. $82
Profit	—per ton milled	R21.23	R37.92
	—per ounce	U.S. $132	U.S. $119
URANIUM			
Tons treated	—000'a	3,326	1,366
Recovery	—tons oxide	417	117
	—kilograms per ton	0.125	0.086

The annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, on Monday, 28 April 1980 at 11.15 a.m.

Note: Copies of the Chairman'a Statement and Annual Report will be sent post-free on application to:
The London Secretaries
Barnato Brothers Limited
99 Bishopagate, London EC2M 3XE
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Tuesday April 22 1980

The rate for a proper job

DURING THE past few months the Government has been encountering an increasing number of serious problems over its relationship with State-owned industries. Its attempta to impose strict financial controls have prevented it from following its own philosophy of disengaging from industrial affairs and, as a result, its relationships with the State industry chairmen have worsened.

This was demonstrated last week when Sir William Barlow announced his departure from the Post Office Corporation and refused to become chairman of British Telecommunications when the Post Office is split in two next year. His decision was not prompted by a major policy row. Instead it was the end result of months of frustration trying to run a major business with little freedom from Government interference.

Candidates

It therefore has a broader importance because it focuses attention on the issue of how these industries are run and how their chairman are treated. It is not without significance that Sir William has retired at a time when the Govermgnt has spent months trying to find suitable candidates for two of the country's most troubled industries, steel and shipbuilding.

There are two main areas which cause problems. First there is the lack of entrepreneurial freedom allowed by Ministers, and the need for detailed accountability both to Government Departments and to Parliamentary select committees. Second, there is the question of pay, with most major nationalised industry chairmen receiving between £40,000 and £50,000 a year, which is roughly half the equivalent rate in the private sector.

Sensitive

The problem of political interference affects all industries, although its seriousness varies. It is most noticeable when an industry, such as steel, is doing badly, or when it operates in a specially sensitive political area (such as the BNOC whose chairman yesterday pleaded that it should not become a "political football"). Utilities like the post office also come in for extra interference because of the political pressures felt by Ministers in Parliament.

The need for Ministers to take a direct interest in these businesses is not questioned. But the Government should be prepared to leave the chairmen alone once overall plans and targets have been agreed. Chairmen and the nationalised boards should then be allowed as much commercial freedom as possible: for example, if the Post Office can raise the £150m it wants for its growing telecommunications business from the financial institutions without involving the Government in providing guarantees, then it should be allowed to do so. Instead what happens is that the chairmen feel that their ability to run their businesses along sound lines is affected by the current political vogue among Ministers.

They therefore have a much more complicated job than their equivalents in the private sector who have more clear cut responsibilities to shareholders. Chairmen consequently find it more difficult to devolve decision-making, and often have to go to Whitehall themselves for the last say. Yet they are poorly paid and their salaries during much of the 1970s were held down because of Governments' pay restraint policies. So there is dissatisfaction among the chairmen about the way that Governments have delayed implementing reports from the Boyle Committee on top salaries which recommend their pay levels along with thoshe of other public servants such as judges, civil servants and senior armed forces officers.

Compete

There may indeed be a case for removing the chairmen from the Boyle Review Body because the rest of the people covered do not work in an area where there is a free job market. The Government could then compete with the private sector when hiring chairmen and board members, and more could also be paid to other levels of senior management.

The time may now be ripe therefore for the Government to learn from its current problems that more financial rewards—and greater freedom from Whitehall—are needed it is to recruit and retain the best chairmen.

Brazil faces problems

THE ARREST on Saturday morning by the Sao Paulo police of Sr. Luis Inácio da Silva, "Lula," Brazil's best known trade union leader, bears witness to the difficulty and complexity of the process of liberalisation now going on in the biggest country in Latin America. Coming as it did within hours of the authorities' take-over of the metalworkers' union of Sao Bernardo, in the industrial belt of Brazil's largest city, it must be seen as the sternest of warnings to the workforce that has been on strike for most of this month.

Precarious

In Brasilia the Government of Joao Figueiredo is attempting to tread a precarious political course. On the one hand it is trying to usher in long delayed measures of political and economic reform which will meet popular demand for a more equitable distribution of the fruits of the growth Brazil enjoyed in the 1970s. On the other hand, the economic team is wrestling with a foreign debt which is more than $52bn and which is getting increasingly burdensome as world oil prices and interest rates rise. Too rapid a political evolution, the Government argues, would frighten off lenders and plunge Brazil into financial chaos, while too slow a progress towards political and economic democracy would run the risk of provoking popular impatience.

With such a delicate task to carry out it is important that General Figueiredo exercises restraint aod diplomacy bimself and—no less important—makes sure that the same qualities are exhibited by his subordinates in the federal and State Government. Earlier this month he decided to dismiss General Serpa, a sernior officer of the extreme right who was becoming an obvious embarrassment with his constant and ill-judged political pronouncements.

If the insistent reports from Brazil are proved to be accurate and it is shown that the arrest of Lula and e score of colleagues at the weekend was the result of local political initiatives carried out without the approval of the Federal Government then those responsible must be reined in. Brazil cannot risk a major labour and political crisis in order to satisfy the ill considered whims of a small authoritarian group in Sao Paulo.

The way must be opened as soon as possible for the release of the detainees and a reasonable pay settlement which was on the verge of being agreed in the middle of last week between the union leadership and the employers.

Rights

Neither the Government in Brasilia nor labour in Brazil, organised or non-unionised, has much to gain from any increasing polarisation of political attitudes. While the Government pursues measures of liberalisation including the continuing moves towards real rights for genuine political parties and the dismantling of what remains of the censorship system the opposition would be unwise to barrass it excessively. For its part, the Government will gain no real advantage by describing the genuine grievances that the workforces have over wages and salaries at a time of rapidly rising prices as merely the result of Communist agitation. The Brazilian Communist Party is in the midle of major internal quarrels which have ranged its leader, Sr. Luis Carlos Prestes, against the central committee. As a result, it is not a political force whose power is in the ascendant at the moment.

The situation in Brazil this month contains some pointers for the foreign observer. The principal is that he must not become too alarmed at the increase in work stoppages. They are an inevitable concomitant of the political process that the country is undergoing and to which both employers and employees are having to accustom themselves.

Foreign debts

An important secondary one is that the Brazilian Government must be given time to deal with the big problems that face it in the external sector. Leaving aside the discussion about who is responsible for the big foreign debt burden that the country has amassed, Brazil's partners must realise that it will hardly be able this year to meet its debt obligations and continue to import fro mabroad at the rate it has hitherto been used to.

OIL GIANTS' INVESTMENT IN U.S. RESERVES

The Seven Sisters back coal as the fuel of the future

BY RAY DAFTER AND PAUL CHEESERIGHT

AT LAST, the coal industry aeems set to take a lead in meeting the world's growing demand for energy. Oil companies are convinced of it.

The latest forecasts from major oil-based companies—the so-called Seven Sisters—show that over the next two decades the demand for coal will rise far faster than overall energy growth. It will have to, they maintain.

When it comes to coal, the views of the oil companies must be respected. Their energy forecasting is among the most sophisticated in the world: they are unanimous and assured in their view that oil, which once ousted coal as the dominant energy source, can do little more than meet the current level of demand over the next 20 years. After that, it will be downhill all the way. Only the speed with which world oil output declines is in doubt.

Oil companies are also emerging as the big spenders of the coal industry. This was demonstrated recently by the Royal Dutch/Shell Group's decision to invest $380m in a joint U.S. coal venture. Mr. Dirk de Bruyne, president of Royal Dutch Petroleum and chairman of Shell's committee of managing directors said last week that the group aimed to raise its international coal trading activity from the 1979 level of 6m tonnes to around 28m tonnes annually by the mid-1980s. It was Shell's ambition to win 10 to 15 per cent of the market share in internationally traded coal—roughly in line with its stake in international oil movements.

Exxon, the leading Sister of the Seven is equally optimistic about coal's future. The group's latest "World Energy Outlook" report forecasts that coal is about to break out of its pattern of low growth. In the period 1965-73 non-communist world coal supplies fell by an average of 0.5 per cent a year as cheap oil gained a growing and dominant share of the energy market. In those days energy growth was averaging 5.5 per cent a year.

In the troubled 1973-78 period the coal industry picked up slightly, showing an average growth rate of 1.4 per cent. Exxon forecasts that in the 1978-1990 period free world coal supply will rise by 3.7 per cent annually, a growth rate which could accelerate to 4.1 per cent in the last decade of this century.

From now on the pace of coal industry expansion is expected to outstrip the general growth rate for energy—around 2.5 per cent annually according to current industry projections.

If these forecasts are right, coal's share in the overall energy balance will rise from around 18 per cent at present to 20 per cent in 1990 and about 24 per cent at the turn of the century. Again, according to Exxon, non-communist world coal demand should rise from its recent level of around 1.3bn tonnes annually—the equivalent of 17.4m barrels a day of oil—to around 3bn tonnes (aome 40m b/d of oil equivalent) by AD 2000.

Industry estimates which include the important communist producers like Russia, Poland, and China, suggest that total world production could rise from around 2.6bn tonnes now to between 5bn and 8bn tonnes by the turn of the century.

Mr. Peter Baxendell, chairman of Shell Transport and Trading, summed it up when he spoke to the Coal Industry Society in London in February: "Coal is destined by sheer necessity to take the place of oil as the swing fuel for the remaining part of this century and possibly beyond. We have now entered an era where both economics and politics are pushing coal on to the energy stage."

... oil ... after 20 years will be downhill all the way

Shell expects to invest between £100m and £200m annually on its coal development. At the moment the amount of coal traded internationally is small by world energy standards: some 200m tonnes a year, three quarters of which is earmarked for the steel industry. Only 50m tonnes or so is thermal coal, used for steam raising. Shell reckons that this trade in steam coal could grow by 500 to 1,000 per cent in the next 20 years.

With this in mind Royal Dutch/Shell is investing $680m in a partnership with St. Joe Minerals, a deal that also gives Shell a 50 per cent stake in the A. T. Massey coal company. Massey, a St. Joe subsidiary, holds reaerves of about 1bn tonnes, mainly in the Appalachian atatea. It is also the second biggest coal exporters in the U.S.

The agreement provides Shell with an opening into America's coal exporting sector. The U.S. is expected to account for almost 50 per cent of free world coal output by the turn of the century. It is quite possible that between 5 and 10 per cent of this output could be assigned to the export market. Much of this U.S. coal could be sent to Europe. Exxon reckons that coal imports into Western Europe, where production is expected to rise only modestly, could account for 40 per cent of consumption in AD 2000 as against 15 per cent in 1978.

The U.S. has provided a solid base for the oil industry's diversification into coal. During the last 15 years oil companies, large and small, have become involved in coal production—among them Exxon, Mobil, Atlantic Richfield, Standard Oil of California, Standard Oil of Ohio, Diamond Shamrock Oil and Gas, Husky Oil.

The National Coal Association estimates that oil groups now account for 21 per cent of production and hold 25 per cent of the reserves. Other industry estimates show that by 1985 about 40 per cent of U.S. coal output could be in the hands of oil-based companies.

The trend started in the early 1960s when Gulf Oil took over Pittsburg and Midway Coal Mining Company, and Continental Oil acquired Consolidated Coal. British Petroleum earned a major stake in the U.S. coal industry through its interest in Standard Oil of Ohio (Sohio) which owned Old Ben Coal. BP, like Shell, a relative latecomer to the coal industry, now claims to be the eighth largest private sector coal producer in the world. The group's saleable coal reserves are estimated to be 1.2bn tonnes, almost half of which belong to Sohio.

BP is rubbing shouldera with Shell in its race for international coal trade outside the U.S. At the moment BP is moving some 7.9m tonnea annually (excluding Sohio's sales); by 1985 it aims to be trading around 20m tonnes a year.

Even so, both BP and Shell remain heavily committed to U.S. coal. Shell first became involved in American coal production during 1977, when Houston-based Shell Oil acquired Seaway Coal Company of Ohio. It fell into line with American major oil companies which saw coal meeting a growing proportion of the domestic U.S. energy requirements.

The companies, says a Harvard Business School study*, considered coal a potential feedstock for refineries and petrochemical plants. "The lure of synthetic fuels led them to acquire coal, particularly in the West, where at the time no large market existed for steam coal."

Hopes of a quick and profitable movement into synthetic fuels in the mid-1960s were quickly blunted by high costs. But the rise in oil and gas prices has latterly revived hopes that this area could provide new markets in the 1990s. By 1990, the U.S. National Coal Association estimates, synthetic fuels will need 10.9m tonnes annually.

In the shorter term the U.S. drive to hold down oil imports and use other fuels offers new possibilities for coal. The Carter Administration's target of 1.47bn tonnes of coal production by 1985 will probably not be met — there are physical limitations on the amount of coal which can be used—but the market is expanding.

Another major energy study, this one by the Ford Foundation†, notes that oil companies have the capital to strengthen the coal industry. This capital would be badly needed as mines became larger and electricity utilities demanded large, dedicated tonnages for their big power plants. "The financial resources of the oil industry and other large firms that have acquired or created new coal companies should help coal compete more effectively."

Funds are now being pushed rapidly into new U.S. mines. In the West, for example, Exxon is expanding production sevenfold to 32.6m tonnes annually by 1985. Atlantic Richfield is planning 1980 output of 9.1m tonnes at its Black Thunder mine in Wyoming, compared with 5.5m tonnes last year.

This sort of development is boosting the importance of the mines in the West—for the most part open-cast pits containing low sulphur coal. They complement those in the east which are largely underground with coal carrying a higher sulphur content.

The National Coal Association estimates that by 1990 production from the West will have reached 466.2m tonnes as against 196m tonnes last year. Output from eastern mines in 1990 is expected to be 667.6m tonnes against 502.5m tonnes in 1979.

But there are aeveral reasons why these projections could be too high. The shortcomings of the railways limit mass coal distribution and create a heavy drag on profitability. Coal costing about $7 a tonne when shipped from Gillette, Wyoming, can cost around $28 by the time it reaches Tampa, Florida. And the railway companies appear to be adamantly opposed to coal slurry pipelines, which cannot be laid without crossing railway land.

Coal at about $7 ... in Wyoming ... costs $28 ... in Tampa, Florida

State governments are keen to see coal development controlled so that the associated social dislocation can be kept to a minimum. At the same time, environmental controls are becoming more onerous. The federal Surface Mining and Reclamation Act 1977 has put severe limitations on the way mining can be carried out and demands costly reclamation programmes.

All these problems add to the general rise in mining and transport costs. They make it harder for the small operators to compete. The gradual departure of the smaller companies from the industry has already started, particularly in the East. As the trend continues, the role of the oil companies could become pre-eminent.

"Concern about this has been expressed sporadically in Congress. Every now and again there occurs a political movement to restrict the diversification plans of oil companies; abortive attempts have been made to introduce "horizontal divestiture," a means of stripping oil companies of their non-oil businesses. However, pressure for these changes aeems to have eased in the current environment of uncertain energy supplies.

The Federal Government has it within its powers to hold back the oil companies. Federal lands in the West contain some 70 per cent of the coal reserves west of the Mississippi. Leasing of new reserves resumes next year, ending a moratorium which has been in force since 1971. How the Government disposes of the leases will help to mould the shape of the coal industry, both in domestic and world trade terms, for the rest of the century.

Similarly, much will depend on the way that other major coal producing governments, in Australia and Africa, encourage mining development.

None of the oil companies underestimates the stumbling blocks to the development of the U.S. coal industry and the international coal trade, particularly environmental concerns and the high capital cost of coal expansion (Shell believes that between $150bn and $200bn (in 1980 dollars) will be needed to meet coal expansion in the non-communist world over the next two decades.) Then there is the task of building ports, railways and ships, all of which are presently inadequate to handle the amount of coal movements envisaged.

As a measure of this particular problem, it is estimated that between 800 and 1,000 new coal carrying ships will be needed over the next 20 years —oil companies believe that many of them will be coal-fired.

** Energy Future—report of the Energy Project at the Harvard Business School; edited by Robert Stobaugh and Daniel Yergin; Random House, 1979.*

† Energy—The Next 20 Years: report sponsored by the Ford Foundation, administered by Resources for the Future; Ballinger Publishing, Massachusetts, 1979.

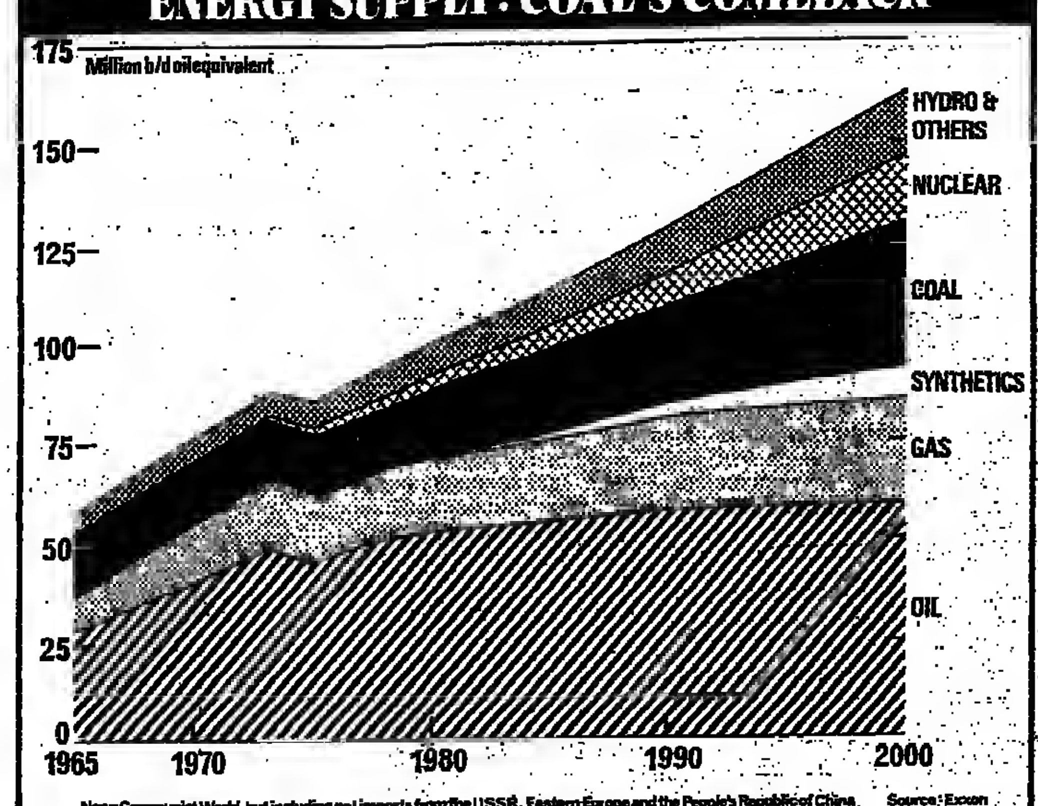
U.S. COAL SUPPLY AND DEMAND 1977—1990

(m tonnes)

	1977	1978	1979	1980 estimate	1980 most likely	1990
SUPPLY						
Eastern mines	478.4	425.4	502.5	508.8	558.7	667.6
Western mines	148.7	167.6	196	214.1	322.9	466.2
Total	627.1	593	698.5	722.9	881.6	1,133.8
DEMAND						
Electric utilities	431.5	434.5	478.9	503.4	664.8	869.8
Coking coal	70.2	64.5	69.8	68	68	68
Industrial and retail	61.1	61.4	66.2	69.8	88	113.4
Sythetic fuels	—	—	—	—	—	10.9
Total	562.8	560.3	614.9	641.2	820.8	1,062.1
EXPORTS						
To Canada	15.6	13.8	17.2	17.2	18.1	21.8
Elsewhere	33.1	22.3	41.7	45.4	49	59
Total	48.7	36.1	58.9	62.6	67.1	80.8

Source: National Coal Association

ENERGY SUPPLY: COAL'S COMEBACK



Non-Communist World, but including net imports from the USSR, Eastern Europe and the People's Republic of China. Source: Exxon

MEN AND MATTERS

Fat, the forces' new enemy

ALREADY BURDENED with the pundits' charges that they are under-manned, and under-armed, Britain's armed forces are now baving to face up to the accusation that they are growing flabby. The Ministry of Defence yesterday confirmed the view of Glasgow University researchers who claim, somewhat ponderously, that "obesity is becoming an increasing problem in the services."

To discover how bad the problem is, the Ministry has commissioned Glasgow's Professor John Durnin to apply his anthropometrical skills to the soldiery and draft new tables relating weight to height and body build. Existing tables, Durnin's staff say, like those found on weighing machines and in th efront of your dairy, are based on data obtained from corn-fed Americans and do not necessarily hold good for the average Briton.

Funded with a £78,000 hand-out from the defence budget, Durnin is to spend three years with tape measure, scales and computer compiling new data from 10,000 assorted bodies — half of which will be military. The MoD says that while the information gleaned will probably be made freely available to the medical profession and anyone else interested, the object of this exercise is to help the forces update their fitness assessment methods. It will also be useful for forces deaigners who need to be sure thet recruits can get comfortably in and out of uniforms, tanks, aeroplanes.

"Sometimes I don't know whether I'm coming or going."

Punt not taken

Ripples from the break between sterling and the Irish pound are still spreading. Latest to feel the backwash is American Express, which, claiming that conversion to the punt would be too costly, still bills Irish customers in British pounds.

This, combined with difficulties encountered during last year's long postal atrike, has encouraged the Irish banks to move strongly into the credit card field under the banner of Access and Barclaycard.

In its first counter-move Amex has begun to circulate its Irish clients with a questionnaire, seeking among other information comments on its service. Considering the nationalists' delight when the punt was cut adrift from sterling, I should think it will be receiving some pretty salty replies.

Cutting it fine

While I am duly impressed by the ability of Loadpoint to saw a pin into quarters lengthways, I have to admit I cannot quite tee the point of it. Neither, it turns out, can the company itself.

Loadpoint, formerly the abrasives division of the Swindon semiconductor company Semitron, describes itself as a supplier of machine tools to the microchip industry. Ten years ago, says director John Sweet, it started developing tools for dicing chips out of silicon wafers. Now it is marketing high-precision cutting equipment which can slice up pins and virtually any other metal object.

The tool is an extension of techniques perfected by the company for use in non-destructive testing. Rolls Royce, for example, has bought a gadget which is uses for cutting slots down to 1,000th of an inch wide in parts of planes and their engines. The object is to simulate the cracks produced by metal fatigue.

Limited as the market seems for pin cutters and the like, Sweet is indomitably cheerful: "This is it," he says. "We have got the solution. Now we have to look for the problems."

Rocking back

The future caught up with Tony Dyson two years ago. For two years previously he had built up the reputation of the White Horse Toy Company on the merits of his main line: reproduction Victorian rocking horses. But the pattern of his business changed radically when he found his company's skills with plastics and glass fibre in demand among film makers. In 1978 the rocking horses were shelved as orders rolled in from the entertainment world and the wider realms of industry.

The version of the robot R2D2 seen in the Star Wars sequel comes from the White Horse works in Witney, along with fairground waltzers, cars for the Superman sequel, lorry cabs for Fodeo and aerodynamic car bodies for March and Ligier.

The surge in orders and diversification forced Dyson to move into a larger factory which has given him the space to take the rocking horses out of mothballs and start production again. But it has also given him room to set up a production line for his most ambitious project yet, which he hopes to launch next month under the title of his latest company, Androids Ltd.

He has been convinced by his U.S. backers and his own experience in what he calls "imaginative electronics" that there is a market for domesticated robots.

To start, White Horse will produce a modest little 13 ft 6 in) fellow whose friendly exterior will house a TV monitor and hardware enough to let it carry out domestic tasks like keeping the kids amused and helping father with his homework.

"Children will be able to play games on the screen, and, according to the software used, it will remember recipes, keep the family accounts and even reproduce educational courses," says Dyson.

Considering the price of £4,000 to £5,000, I must say it looks to me like a mightily expensive substitute for the family budgie.

High rise

Well aware of the chill which has surrounded their arrival in Cairo, Israeli embassy stag were diplomatic enough to book a room of only modest proportions for their national independence day party on Sunday. Although they were liberal with the invitations, only a handful of senior Egyptian officials turned up.

Other rooms are proving more difficult to find. Apart from two embassy aecretaries, the rest of the Israeli delegation is still camping out in hotels. Cairo landlords, I hear, are not keen to rent houses and apartments to their partners-in-peace, and are quoting prices ludicrous even by highly inflated local levels. The ambassador was recently asked to pay almost £10,000 a month for somewhere to live.

Observer

She is one of many for whom RUKBA is providing an annuity and, if required, a Sheltered Flat, a place in a Residential or Nursing Home. People like her are RUKBA's care, the impoverished or infirm elderly of professional or similar background who once did so much for others, and are today struggling to exist themselves. We need your help now to protect them.

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Our work grows daily. Last year we spent £1m plus, helping over 4,500 people. How many more we can help this year depends on you. The need is urgent and our help vital.

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FINANCIAL TIMES SURVEY

Tuesday April 22 1980

ZIMBABWE

Ashley Ashwood

Mr. Mugabe takes the oath of office at the Independence ceremony

In this survey, the following abbreviations recur:

Zanu (PF): Stands for Zimbabwe African National Union (Patriotic Front), the party led by Mr. Robert Mugabe, the Prime Minister, which won a landslide victory in February's election. Often known as Zanu, the party is to be distinguished from the Rev. Ndabaningi Sithole's Zanu, which won no seats. Zanu (PF)'s military wing was known as Zanla, the Zimbabwe African National Liberation Army.

Zapu: Stands for Zimbabwe African People's Union, the party led by Mr. Joshua Nkomo which campaigned in the election as the Patriotic Front. The Patriotic Front was origfinally the loose alliance which existed between Zanu and Zapu before the cease-fire in the guerrilla war. Zapu'a military wing was known as Zipra, the Zimbabwe People'a Revolutionary Army.

UANC: Stands for the United African National Council led by Bishop Abel Muzorewa, the former Rhodesian leader who took over the premiership under an internal agreement with Mr. Ian Smith. Mr. Smith leads the Rhodesian Front (RF) party.

Currency in Zimbabwe dollars unless stated otherwise.

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BASIC STATISTICS

Area	390,250 sq km
Population	7.5m
GNP	\$2.5bn (£1.75bn)
Exports (1979) (including gold)	\$700m (£485m)
Imports (1979)	\$590m (£410m)
Currency=Z\$	£1=144c

The bulk of this survey was written as Zimbabwe prepared for its Independence celebrations last Friday.

After fifteen years of illegal independence and seven years of bloody guerrilla war, white-dominated Rhodesia has finally given way to black-ruled Zimbabwe. The new rulers take over a country with a strong industrial and economic base and of potentially great influence in a turbulent continent. But they first face the daunting domestic tasks of resettling refugees, unifying the armed forces, reconciling blacks and whites and consolidating their authority.

A nation plans its future

"ALMOST A MIRACLE:" that is how one white Rhodesian described his country's final traosition to legal independence as Zimbabwe last Thursday night. After 90 years of controversial white minority rule, nearly 15 of Mr. Ian Smith's UDI and seven years of brutal civil war, the pariah Rhodesia assumed its new status under an elected black majority Government last week in peace and international goodwill. It is a remarkable tale.

The war took a horrendous toll: 27,000 people killed, 10 times as many wounded, and at least 850,000 made homeless. Few people would have believed even this time last year, that against that background the war could have been so speedily ended. Even fewer would have believed that majority rule elections could be supervised by Britain in the wake of a successful ceasefire, to produce a black Government quite clearly commanding overwhelming support of the country's 7.5m people.

That the Government should be headed by a man the former regime labelled as ar Marxist terrorist and that he should now be assuring those same people and their followers of a place in a future Zimbabwe sun seems to compound the amazement and underline, perhaps, the seemingly miraculous nature of the last few month's events.

But if Mr. Mugabe, Zimbabwe's new Prime Minister, his Cabinet and all those others who are in charge of the new nation's destiny had been tempted into an enphoric mood last week, a tougher reality must now impinge. What sort of country ic the new Zimbabwe, and what might it become? First, what chance does Mr. Mugabe's Zanu (PF) Government, in coalition with Mr. Joshua Nkomo's Patriotic Front, stand of bringing political stability?

Surprised

Last February's election, with its massive vote resulting in 57 of the 80 black seats for Zanu (PF), took most pundits, many Zimbabweans and the British Governmeot quite by surprise. Some fast and faocy footwork was to be observed on all sides as the implications of the victory were digested and then broadly welcomed: Mr. Mugabe's triumph was so complete that his right to rule could not be questioos.

But if the vote showed the new Prime Minister's strength in the country at large, it also strengthened his hand within his own party. Robert Mugabe, the austere man of principle, has shown coosummate political skill since late 1974 when he challenged the former Zanu President, the Rev. Ndabaningi Sithole, for the party leadership and then later, in Mozambique, presided over the party's transformation into a guerrilla based organisation.

The balancing act Mugabe has performed within Zanu, bridging the old style oationalists and the more radcial ideologies as well as coping with tribal spltis and differences within the majority Shona speaking group, has never been easy and it is not nwo.

The various interests and groups are represented now in the Cabinet and more particularly in the party's central committee, which Mr. Mugabe so far has rigorously consulted on every major issue, some believe to the potential detriment of good governmnet.

Especially difficult in the weeks and months abead may be the relationship between Mr. Mugabe and his political allies and his guerrilla leaders. These men are still feeling the loss in a car accident last December of their leader Josiah Tongogara and may well have problems adjusting to their new and less prominent role.

But with all these problems, Mr. Mugabe now almost certainly has the power, if he wants to use it, to pull his party in behind him on all the major issues which are likely to arise io the immediate and medium term.

Paradoxically, perhaps his major problem could prove to be not with his own party, nor yet with those who so resoundingly lost the election, but with Zanu's coalition partner, the Patriotic Front led by Mr. Joshua Nkomo.

Bishop Muzorewa, the former Prime Minister, and leader of the United African National Couocil, woo only three seats in the February poll. He has thus no power base from which to challenge Mr. Mugabe. Abandoned by the whites who gave him the chaoce to come to power in 1978 and without any armed support—the security force auxiliaries, originally recruited as his private army, have virtually all been demobilised—Bishop Muzorewa and his party will almost certainly disappear into oblivion in the next few months or years.

The whites who backed Muzorewa are of course a different matter. Their attitudes, examined below, will be critical to the success and stability of Mr. Mugabe's first few years, but the danger of a white-led army coup or other sort of overt white backlesh seems infinitely less real than it did before the election.

The problems surronnding the Government coalition are bowever quite real, if not necessarily an immediate threat to stability. Mr. Joshua Nkomo, who negotiated the Lancaster House agreements with Mr. Mugabe under the umbrella of the Patriotic Front, won 20 seats in the National Assembly and was immediately invited by Mr. Mugabe to join his Government. Mr. Mugabe did not need the alliance in parliamentary terms, but saw it as vital evidence of the need for a "broad based Government of national reconciliation."

Critical

Mr. Nkomo's vote (to his profound disappointment) came predominantly from the minority Sindebele speaking provinces of Matabeleland, where Zanu is barely represented. Also critical was that the PF has some 12-15,000 well-trained men in its Zipra army, who had well established bases in neighbouring Zambia.

So far, as Mr. Mugabe indicates in an interview reported in this survey, the alliance has not worked well. While both sides publicly and no doubt sincerely speak of the need to heal the nation's wounds, there is very considerable mutual distrust. ZANU appointees in key position "monitor" their PF colleagues. The PF leadership is disheartened by its failure in the election either to win outright or be in a position to lead a coalition Government.

Mr. Nkomo, who runs his party with strong personal discipline, does not take readily to a subsidiary position. Negotiations over his Ministry of Home Affairs portfolio (he was offered the titular Presidency but refused it as being without sufficient power) were difficult, while PF leaders feel that they were ill-treated in the allocation of "compensatory" Senate seats.

Another bone of contention between the two parties are relations with the Soviet bloc, which backed Nkomo and refused arms to Mugabe during the guerrilla war. The Government's failure to invite East

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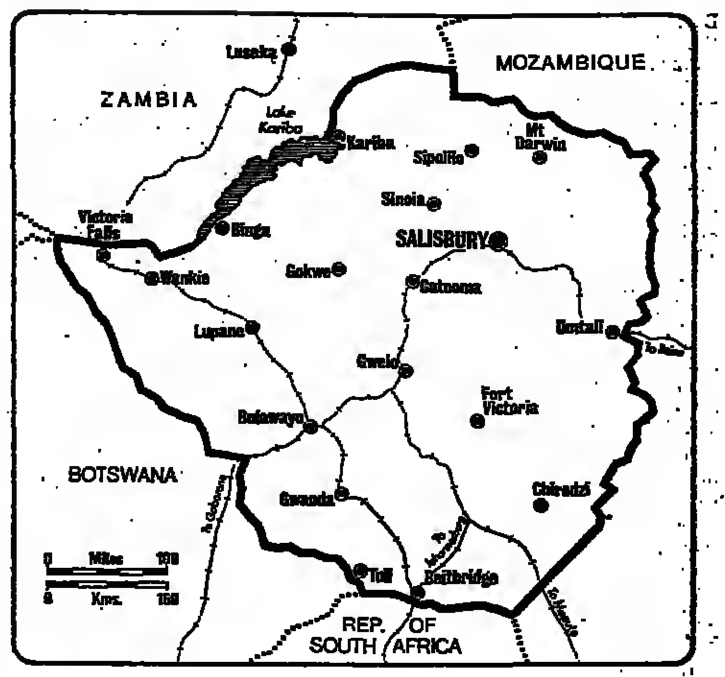

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aac

And our greatest investment

The Anglo American Corporation is an international mining finance house with widespread interests in many countries. In Zimbabwe, the Group's activities embrace chrome, coal and nickel mining; sugar and timber growing and processing; citrus and livestock, as well as financial institutions, industrial operations and foodstuffs.

Investment in these interests runs into many millions of dollars.

But we of the Group in Zimbabwe know that our greatest asset is people ... some 27 000 or so people of all races whose continuing efforts and loyalty have placed our operating companies in the forefront of their particular fields.

And it is because we know they are our most important asset that we continue to invest in them — through extensive training and through welfare that allows our people to make the most of their potential. With the continued support of its people, the Anglo American Corporation will contribute towards meeting the challenges of the future.

The Anglo American Group in Zimbabwe

Economy to expand for first time in five years

AFTER FIVE years of economic decline that reduced real income per head below 1965 levels, Zimbabwe will tis year enjoy its first real economic expansion since 1974. The economy's performance in the late 1960s and early 1970s was very impressive indeed. Despite sanctions, it managed to grow at an average annual real rate of 8.6 per cent a year between 1968 and the end of the boom in 1974.

It was then that the unhappy combination of the international recession, mounting political uncertainty, a growing exodus of whites, and above all, the escalating war, pushed the economy into prolonged decline and real Gross Domestic Product fell 13.5 per cent between 1975 and 1979.

The recession was at its worst in 1977 when real GDP fell more than 7 per cent and the decline began to lose momentum in mid-1978 though last year the 10 per cent rate of growth, at current prices, was insufficient to keep pace with inflation and real GDP fell again by close on 1 per cent.

In 1980 however, this pattern should be reversed. On current estimates, GDP at current prices will grow between 16 per cent and 20 per cent, which, after allowing for double-digit inflation, should mean real growth of at least 4 per cent and possibly as high at 6 to 7 per cent. Whether the real growth rate will be at the upper or lower end of this spectrum is likely to depend on three crucial imponderables.

Inflation

The first is the inflation rate. Zimbabwe had its first taste of double-digit inflation last year when prices rose at an estimated 11 per cent, which was largely the result of higher imported oil and food prices. The cost of oil imports doubled adding at least 7 per cent to the inflation rate, but this year it is possible that there could even be a temporary reduction in petrol prices because Zimbabwe can now buy its fuel at official OPEC prices rather than in spot markets. In addition, there could be some reduction in transport costs, to the extent that Beira is brought back into use as a fuel supply port.

The recent 3.9 per cent revaluation of the Zimbabwe dollar and the termination of the so-called sanctions premium on imports, should depress import prices. Upward pressures on food prices will remain, but the new Government is expected to reduce consumer inflation by cutting the flat rate of sales tax from 15 per cent to 10 per cent in the July Budget.

But there will be very strong cost-push pressures especially from labour. Recent industrial unrest has already shown that the black majority is impatiently awaiting a real improvement in its lot and businessmen are resigned to substantial increases in money wages later in the year.

On the demand side, it is clear that as investment recovers and both domestic and external demand increase, there will be very considerable demand-pull pressures exerted against o background of physical production constraints in respect of skilled manpower, some imported inputs, industrial capacity and transport facilities. Thus, although the decline in the inflation rate that started last October may be maintained through the first half of 1980, an upturn is anticipated in the latter half of the year and the country will be lucky to escape with inflation of less than 12 to 14 per cent.

The second major imponderable relates to the impact of Government policy on investment decisions and on skilled white manpower. The signs to date are that the new Government, having learned from experience elsewhere in Africa, is likely to adopt a moderate and pragmatic economic policy stance—at least in the immediate future. The reasons for this are obvious.

First, as President Machel's recent policy pronouncements indicate, there is a new wind of change blowing through Africa that favours the mixed, as distinct from the purely socialist, economy.

Then, although Mr. Mugabe's Zanu (PF) is committed to the establishment of o socialist economy, the hard fact is that it desperately needs very substantial foreign investment from abroad, much (probably most) of which will have to come from private sector sources rather than official agencies or in the form of bilateral assistance. This reality is likely to restrain thos radicals in the party who want a rapid restructuring of the economy along socialist lines.

Furthermore, white skills and expertise are needed. If there were to be a white exodus along the lines of those experienced in Angola and Mozambique the strong likelihood is that 1980-81 would be years of continued economic decline rather than strong resurgence.

The third imponderable concerns commodity price movements—and especially those of metals—during 1980. The 1979 surge in the gold price increased Zimbabwe's foreign earnings from bullion sales by close on 60 per cent, making gold the country's chief export once again. After a mediocre agricultural seasoo, current forecasts suggest that mining will spearhead the anticipated 35 to 40 per cent growth in exports this year. The weaker metal prices of the past few weeks, if maintained over the year, would necessitate some downwards revision of export forecasts.

BALANCE OF PAYMENTS
($m)

	1978 $m	1979 $m
Exports	598	700
Imports	420	585
Trade Surplus	178	115
Invisible Deficit	−165	−205
Current account	+13	−90
Net Capital Transactions	+27	+80
Net balance (current and cap. accounts)	+40	−10

Whatever happens on the export front, the foreign exchange constrainl on the economy will be very tight, substantial inflows of foreign aid and investment notwithstanding. Official 1979 balance of payments figures have still to be published, but informed estimates suggest that last year exports (including gold) increased by about $100m or 16 per cent to almost $700m while imports grew nearly 4 per cent to $585m, leaving a visible trade surplus of $115m as against $178m the previous year.

But being a landlocked country, Zimbabwe has a very heavy deficit on services—freight and service charges, foreign travel, fares, etc.—of around $140m. In addition, net outflows on investment account and transfers (pensions, migrants' remittances, etc) add a further $60m to the invisible deficit which in 1979 is estimated at just over $200m leaving a current account deficit of $90m.

This compares with a surplus on current account of $12m in 1978—the explanations for this being a marked deterioration in Zimbabwe's terms of trade, chiefly caused by higher oil prices, and the policy decision to allow imports to rise more rapidly last year and help the economy recover from recession.

However, there was a net capital inflow of $80m (mainly on Government account with borrowings exceeding $125m), leaving a small overall deficit of the order of $10m.

Forward projections of the balance of payments position reflect a continuation of these main trends, though in the case of imports the assumption, indeed hope, is that import growth will be volume rather than value in nature, whereas in 1979 it was the steep rise in import prices, specifically imported fuel, that accounted for much of the increase in the import bill.

Last year, Zimbabwe's terms of trade deteriorated by 16 per cent and the country now has to sell nearly twice as many exports, in volume, to purchase the same volume of imports as it did prior to UDI in 1965. The lifting of economic sanctions and the access to OPEC oil supplies at official prices rather than in spot markets, along with the elimination of the sanctions discount on exports, should mean a significant improvement in Zimbabwe's terms of trade in 1980, but they will still show a deterioration of some 35 per cent to 40 per cent since 1965.

The expectation is that exports in 1980 will rise very strongly indeed from last year's levels of $700m to between $900m and $1bn—a growth rate of between 30 and 40 per cent. Imports are expected to increase much faster, growing by more than 5 0per cent this year to above $900m.

After allowing for a continued rise in the deficit on invisibles, there is likely to be a current deficit of at least $200m, or double that experienced last year. Thus, there will have to be heavy capital account borrowings from abroad, not only to finance the current account deficit but also to help meet the backlog of payments on capital account itself in respect of blocked funds and possibly also to help finance the 1980 budget deficit.

Indeed, in the first half of the 1980s the pattern on external account could well take the form of a trade account deficit, a substantial deficit on current account due to a growing outflow on invisibles, and therefore a need for very heavy external borrowings on capital account to fund the current deficit.

All of which means that in framing economic and social policies the new Government will be looking over its shoulder at the attitude of the international agencies, the major Western-based multinationals, particularly in the mining and industrial sectors(Western governments themselves from whom bilateral or multilateral assistance (via the EEC) is expected, and probably olso the OPEC States whose current surplus in the 1980s should make them major oil donors.

Nationalisation

In its election manifesto, Zanu-(PF) committed itself to the eventual establishment of a socialist economy in Zimbabwe. Furthermore, the UNCTAD report on the Zimbabwean economy does include among its broad range of options, measures in respect of mining, manufacturing and banking—there is a specific policy suggestion that the bonking system be nationalised—which, f implemeted, would certainly deter private foreign investment.

Given the levels of foreign investment and aid necessary to jerk the economy back on to a satisfactory growth path in the 1980s, it could well be that the more radical policies will have to be toned down in the immediate future.

No official figures on the direction of trade have been published since 1965, but it is known that South Africa currently imports about one quarter of Zimbabwe's exports. Precisely what proportion of these sales to South Africa is for onward transmission to third countries is unknown. Nonetheless, it is clear that South Africa is by far the country's main tradiog partner though a diminuation in the importance of the South Africa market is anticipated as a result of the lifting of sanctions.

Clearly too the trading pattern evolved under sanctions means that there is unlikely to be a return to the pre-UDI dominance of Zimbabwe's external trading relations by Britain. In 1965, the UK was the country's main trading partner, buying nearly 20 per cent of total exports and supplying 30 per cent of imports. Businessmen believe that Britain is unlikely to regain this dominant position in the Zimbabwe market and the UK share of Zimbabwean exports is not expected to return nto the 20 per cent level.

The diversification of markets that developed under sanctions is likely to have a major influence on future trading patterns though preferential entry to EEC markets and hopefully also to the U.S. The resumption of full-scale trading links with Zambia, Malowoi and Mozambique and increased business with Comecon countries and China imply that in the early 1980s there will be a further significant structural change in trade patterns.

Exchange rate policy seems unlikely to be a major policy variable in the near term. Current indications are that tha Zimbabwean dollar which is pegged to a basket of major trading currencies (including sterling, the U.S. dollar, the Rand, the Swiss and French francs and the Duetschemark) is more likely to appreciate than depreciate.

Indeed, early last month the Zimbabwean dollar was marginally revalued (by 3.9 per cent) against major trading currencies including sterling and the U.S. dollar. But, being linked to a basket of major currencies, the exchange rate is likely to react to shifts in international exchange rate patterns rather than being altered by Salisbury as a direct policy variable.

Although there is no overall development plan as such waiting to be implemented by the new Government, the UNCTAD report on the one hand and the Smith/Muzorewa Government's Five Year Public Development Expenditure Plan on the other, could between them form the basis for immediate policy decisions. The Five Year Programme, which was published early in 1979 and based on 1977 prices and projections, is already being partially implemented in the building of Wankie Ona thermal power station, the start on the electrification of the railways and the purchase of a jet airliner for intercontinental flights.

The programme, which stresses energy, transport, rural development and improved social services, was costed out at $3.5bn—$2bn of which would have to be found from abroad either in the form of aid and soft loans, or on commercial terms. Even if the programme is radically altered by the new Government, which is possible, the need for very substantial foreign funding to finance power, transport, land resettlement, rural development and social programmes will remain.

Although there are no figures to justify the assertion at this stage, Zimbabwe seems fortunate in being under-borrowed by current Third World standards. The only significant reported external borrowings since 1965 have been the loans from South Africa since 1978 to finance the war estimated at a minimum of $200m. To these short-term borrowings must be added the backlog of external debt repayments on official account in respect of blocked funds (estimated at around $150m) and on private sector account at some $370m. An unkown proportion of the private sector backlog could well be reinvested in Zimbabwe.

Published figures show that in 1965 nearly 40 per cent of the country's gross public debt took the form of external borrowings whereas by 1979 the external ratio had fallen to only 7 per cent. Over the same period the gross national debt more than trebled from $443m to $1.4bn and by last year internal stock issues olone of more than $300m were virtually double the

THE ZIMBABWE ECONOMY IN THE 1970s

Year	GDP current prices % p.a.	Inflation % p.a.	GDP Constant 1965 prices % p.a.	GDP per capita Constant 1965 prices $
1970	7.4	3.5	3.8	185
1971	15.6	3.2	12.0	200
1972	12.9	4.6	9.6	211
1973	9.4	6.0	3.2	211
1974	20.9	9.8	9.3	223
1975	8.3	9.5	−1.1	213
1976	7.5	9.5	−1.6	203
1977	2.0	9.5	−7.3	182
1978	5.6	9.6	−3.0	171
1979	10.0	11.6	−0.9	163

national debt levels of 1965.

This highlights an advantage that Zimbabwe has over many less developed countries—a sophisticated and well-organised domestic capital market capltal of making major contributions to government funding programmes thereby lessening dependence, to some extent, on foreign borrowings.

Formidable task

In his budget, to be presented in mid-year, the new Finance Minister, Mr. Enos Nkala, faces a formidable task. Even with the rundown in war spending which in the current budget is absorbing $1.3m a day or approaching $480m for the year, there will still be a heavy deficit. One reason for this is that military spending will run down only gradually and as the security budget declines so other budget costs—re-opened schools and clinics for example—rise sharply.

The budget deficit for the current year, ending on June 30, has been estimated at some $560m or 22 per cent of GDP. This has been financed largely by domestic borrowings but also by borrowing abroad, and it seems clear that in his 1980 budget Mr. Nkala will have to tread a similar path to that of former Finance Minister David Smith.

Expenditure will escalate well ahead of current revenue resources and the strong likelihood is that the Minister will want to reduce sales tax which would further exacerbate the budgetary situation.

Offsetting increases, in corporate tax and in personal income tax, chiefly aimed at the more prosperous whites, can be anticipated but Mr. Nkala, who has inherited an extremely difficult short-run budgetary position, will have precious little room for manoeuvre.

The kind of choices and policy options facing Mr. Nkala at the Treasury and Dr. Chidzero in the Ministry of Economic Planning highlight the trade-off situations in the economy. On as mundane, but vital, an issue as maize pricing there is a trade-off between increased maize production, via higher prices, and maintained if not reduced prices to the consumer. The obvious solution is a subsidy but precisely where this subsidy will be set and how it is financed remains to be seen.

There is a more crucial trade-off between employment generation and higher wages. The commercial farming aector is confident of increasing employment by 100,000 people (more than 10 per cent of the total) in the next 18 months, but this is subject to maintaining farmer confidence both politically and economically in the form of producer price agreements and land policy.

The fundamental rationale underlying rural development and land resettlement policies is acceptance of the fact that the wage economy simply cannot grow fast enough to keep pace with the population explosion in the creation of jobs. Indeed, this is a rather sobering conclusion for Zimbabwe as it embarks on a new course.

Official 1969 estimates put the population growth rate at 3.6 per cent a year—one of the highest such rates in the world. Unofficial estimates suggest that this is now too low and that the actual growth rate is nearer 3.8 per cent a year. This imposes an enormous burden on the economy in respect of land availability, schooling, health and housing facilities and, above all, job creation.

Unpopular though it may be, population control is a nettle that the new Government will have to grasp if it is to come anywhere near meeting the aspirations of its supporters. The reality, one suspects, is that given the inheritance of problems, as well as potential, it will prove impossible to avert a crisis of unfulfilled expectations in the 1980s. A major reason for this is, in fact, the rate of population growth.

Assuming a moderate leftwards shift in economic policy, the economy should expand very rapidly in 1980. The major impetus will come from higher export earnings, an increased volume of imports, a resurgence of investment in the latter half of the year and buoyant domestic demand reflecting rising employment and higher money wages. The expansion is likely to become increasingly inflationary over the year but even so, there should still be minimal real growth of 4 per cent, thereby reversing the prolonged decline in real income per head that started in 1974.

Tony Hawkins

RHODESIAN CORPORATION LIMITED
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Planning the future

CONTINUED FROM PREVIOUS PAGE

Germany and several other Eastern bloc countries to the Independence celebrations last week was seen as a snub, not only to Moscow but to the PF.

Potentially most damaging has been the strain in relations between Zanu and the PF political and military leaders over the return of the Zipra army from Zambia. Though nearly 6,000 men had returned by Independence, the protracted negotiations on the issue generated a degree of ill feeling which is not a particularly happy augury for the future of the coalition—even if, as seems probable, the soldiers themselves can be integrated into a new Zimbabwean defence force.

There are two basic questions. Can the new Government meet the expectation of the black majority, so many of whose rural homes, schools, and clinics have been devastated by war and who have all been promised free education and health service, and who certainly expect better and more jobs and more money for the work they do.

In the seven-week transition, during which the British Governor, Lord Soames, has remained in nominal control of the Government, the at times almost euphoric lull has been broken by potentially serious labour unrest, as black workers at factory after factory have struck for better conditions.

In that time too, with a new term soon starting, the new Minister of Education, Dr. Dzingai Mutumbuka, has had to explain that the party's election pledge to abolish school fees could not yet be met.

The second question is intimately linked to the first though the two are not easily compatible. It is whether the new government can at the same time try to fulfil its election promises and continue to maintain the morale of the country's 230,000 whites, thus minimising the likelihood of a big white exodus for the next year or two, if not longer.

However much Mr. Mugabe and his supporters might wish the situation otherwise, while blacks outnumber whites by some 25 to one in Zimbabwe, whites are still in all senior position in the administration, the army, the police, the judiciary and public service and in business.

A mass exodus of whites could easily be brought about by a breakdown in law and order—happily much less likely now, given the success of the ceasefire and the initial steps in police and army reorganisation, or, which is considerably more likely, by changes in policies which affect the privileged white way of life. Particularly important here would be any threat to "community" schools and high fee paying hospitals which entrench that privilege.

The Government's dilemma is acute. While it is pledged to change the status quo under which whites enjoy their privileges, if it does so too rapidly it will provoke a white exodus that would be certain to produce economic decline. That would not only prevent the hope for speedy improvements in the lot of the majority but would probably undermine existing living standards.

Partnership

But if the Government were to take its professed socialist options—if it were for example, to seek a partnership in the mining industry as its manifesto suggests it might, or if it were to take over large chunks of privately owned land—there would be little or no foreign investment and probably precious little aid.

Or take a couple of more mundane, if still vital illustrations. Zimbabwa has long produced enough food for itself and a surplus fo rexport. This year, because of the war and severe drought, there is not enough maize to go round. Does the Government encourage commercial or mainly white farmers to produce more by increasing the farm price—which inevitably raises the cost of living for the average black consumer at a time when inflation is already, for teh first time, in double figures?

Or — in another case — does the Government as Finance Minister Enos Nkala plans, cut the 15 per cent sales tax in an effort to beat consumer inflation, thereby foregoing money that could have been used to run the expanded schooling and health services? These examples illustrate some of the economic trade-offs which the new Government must face, by far the most critical of which is that between the creation of more jobs and the demand for higher wages.

The employment crisis in Zimbabwe today is formidable. Even on the most conservative estimate, each year some 75,000 children leave school looking for work. Today there is a pool of some 300-400,000 unemployed youngsters. These, and others to follow them may not get work even if the economy expands, but they almost certainly will remain without jobs if wages go up substantially.

There is undoubtely some room for wage increases, but manufacturers and farmers warn that workers will be laid off, or factories will close, if wages go too high. Yet the average black worker on white farms earns only $20 (less than £8) a month and most black workers in Zimbawe are believed to be living below the poverty line.

Compounding this and many other problems in a most alarming way is the population explosion. Experts believe the population is growing at some 3.8 per cent a year, one of the highest rates in the world. This imposes an immense burden on land availability, on education, health and housing facilities and above all on job creation. It suggests that Zimbabwe's new Government may have to run very hard merely to stand still: that unless it has immense good fortune it may very well not be able to meet the expectations now held of it.

The legacy which the new Government inherits, then, is daunting and it is somewhat disconcerting to outsiders that the new Cabinet takes office with so few detailed plans. The Party Manifesto, a document of less than 40 pages lays down broad principles but little more while Ministers have not yet been more specific.

In a sense, the lack of detailed planning is understandable: Zanu expected to win on the battlefield, not through the ballot box, and Ministers have been using the seven-week transition under Governor Soames to study their files. But the lack of specific pjartly explains why there continues to be a wait-and-see attitude in the white community, and in the business world in particular.

No big debts

In one sense perhaps Zimbabwe is fortunate: It does not owe a great debt lo any external power. Unlike Mozambique, and more especially Angola, its Government did not come to power through the arms and aid of the Soviet Bloc—nor yet of the West. And if it did at one atage rely rather more beavily on China, its principal arms suppliers in the last two years have been the "intermediary" States of Ethiopia, Libya and Mozambique itself. Mr. Mugabe's genuine non-alignment should be an object lesson for those Westerners who believed that the Zimbabwe struggle for majority rule was Communist inspired and directed.

It is in fact to Britain that the new Zimbabwe Government has turned for assistance of all kinds, ce[illegible]uing a relationship established with Lord Soames immediately after the election. Britain is now providing teams from the BBC, the British Army, the Civil Service, Foreign Office and the private sector to advise the new Government.

Britain, too, though its resources are strained, is currently leading the new aid donors. For those people in Britain who thought that Zanu meant Communism, Mr. Mugabe's victory ought to be especially pleasant. Perhaps it too may become an object lesson for those who are so apprehensive about change in Namibia and South Africa.

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ZIMBABWE IV

Mr. Robert Mugabe, Independent Zimbabwe's new Prime Minister, talks to the Financial Times in the office formerly occupied by Mr. Ian Smith, the former Premier who led Rhodesia to an illegal independence and seven years of a bitter guerilla war. Mr. Mugabe was branded by Mr. Smith and his white Government as a "Marxist terrorist". Bridget Bloom and Michael Holman asked him whether he intended to follow Marxist policies, and about his policies on foreign investment, the country's debts and its relations with Britain and other countries. Excerpts from the interview, given by the Prime Minister a few days before independence, follow.

'We want to take the people with us'

Q. Your Government has followed a moderate course since the elections, assuring whites of their future, while you have yourself said that the structures you inherit can only be changed very gradually. That does sound like Marxism. Will you follow Marxist policies?

A. I don't know whether it's the pace Marxist Governments take, whether they move radically as a matter of course, or whether they take steps in accordance with circumstances which they find.

We have decided that it is necessary to take into accouot the actual circumstances in which we find ourselves. It doesn't pay moving radically when doing so disrupts the basis of your socio-economic system. In the final analysis, yon stand to lose rather than gain anything.

We have Socialist principles—derived from scientific socialism, some of them—but there are certain things we don't accept. If other countries have established regimentation in their own environments and used compulsive measures—well, we are not made that way. We want to believe that we are taking the people with us in whatever we do.

Hence, it is necessary that the combination of our principles from Christianity, and certain others from our tradition, prodoces our blueprint for Socialism. Even if we had to apply the dry principles of Marxism, we would still have to take into account the realities of our country.

We are not militaristic, we don't want to be, and where they show resistance to any plan that we have, we've got to adjust and try to persuade them to see things our own way. This is the realism. But we are not moving gardually, really. We are moving quite fast in certain areas. Gradually in the sense that we bave got to see what the problem is, what the needs are, the oeed for change in all sectors—that, of course, requires gradual viewing of the situation, and it must of course produce the plan in which we will be quite radical in effect.

If we proceed as we intend to with the land resettlement, that is going to be very radical.

As we proceed with the integration of the army so we bave one national army, that too will be radical.

Then we will obviously also ensure that in the private sector you have a wage structure which will bring wages up to a level where we think they are wages that will enable people to feel they can look after their families and will not be just subsistence—in fact, below subsistence—which they get now.

But our Socialism must be realistic. It must never assume that in the end there won't be any private enterprise. I don't think you'll ever get to a situation where everything belongs to the State—it would be absolutely ridiculons, there must he some forms of property which continue to belong to individuals.

I think it would also cut across our tradition if you said a person was not allowed to own his 10 head of cattle or to have a plot which he can call his own—that kind of thing we cannot tolerate and our people will never put up with it. So, whichever way it goes, really, in the final analysis, you must have a sector which must reflect individualism.

Q. Where does the private sector, inclnding the multinationals fit?

A. I'll leave things as they are, but ensure that the profits and dividends that accrue are ploughed back as investments in the country, and in the case of multinationaals, the margin of profit which they transfer outside the country as dividends really has to be small. They were assuring me, those I talked to like Rio Tinto, that in fact the margin of profit that goes out by way of dividends that accrue to investors abroad is very, very small.

Q. Do you believe that?

A. They ahowed me figures and I must believe the statistics, unless they're cheating on them, which I don't believe they are.

Q. In your party manifesto you have said yon will examine the possibility of State ownership or partnership in the mining industry.

A. In mines, yes, a kind of partnership. I've discussed this with aome mining representatives and they all say they don't want to see that. It will ruin the mining industry and bring things to a deplorable stage. They instanced Zambia as a country where this had been dona and the result was not desirable.

One bas to study the economic history of Zambia to come to a definite conclusion hut I believe it can work. It has worked in certain situations, but we are not in a hurry about that.

If the companies don't like the State as a partner, we cannot force ourselves into a partnership with them. I think we are quite bappy in that there are some areas where the State has a lot of control—in the area of agricultural products for example, the State facilitates the marketing of the products. And the State runs the education and the health services in the country. Yon have statutory bodies whicb are as good as corporations in Britain, and there is quite a vast area where there is State participation already.

Q. Does that mean that you would therefore not want to take, over companies or do you think you would wait . . .

A. No, I think we had better wait and examine the situation rather than take rash action.

Q—Yon have said that yon would honour the previous Government's cash debts hut not its arms deals. Can yon be more specific?

A—I don't bave figures. In fact I haven't seen any "arms deal" written anywhere. Perhaps I'm yet to go through the files and see what bappened in the way of negotiations in the past, but I'm assured by the Treasury—Mr. David Young is the Permanent Secretary there—that no cash loans speak of any "arms deals."

Deals, of course, we will honour if they were dehts used for helping in the rectification of deficits in the hudget aod also our balance of payments. Those we are able to hooour regardless of the source. But where we can actually pinpoiot that this is an arms deal and that tha burden is heing passed oo to us, of course we would hesitate to take it on or assume obligatioo in respect of it.

ON RELATIONS WITH SOUTH AFRICA

Q. Will your Government maintain the diplomatic and trade office which Rhodesia had in Sonth Africa?

A. The office we inherited was established by the previous Government. We haven't turned our attention to diplomatic relations with South Africa. We will have to do this after indepeodeoce and will decide in the circumstances whether we should retain the office or abolish it. For now we'll leave things as they are.

Q. South Africa appeared hostile to the idea that yon might win the election. Is Sonth Africa a threat to your Government's stability now?

A. No, I don't think that is any threat just now. I thiok South Africa has also adjusted its attitude towards us. I think in the context, where the whole international community has accepted the election, it would be absurd for South Africa to be adopting a different attitude from the rest of the world. It means that they too must recognise our Government. I bope they will.

Q. Is there an internal threat to your Government?

A. Well, those who didn't vote for me voted for others, and if they voted for others it means they accepted the democratic process. It is a peaceful process, isn't it, and hence the need for them tn remain committed to that democratic process. I don't believe that because they lost the election where the majnrity voed for us, that that is sufficient fnr anyone to take arms. Accept the rules, play it fair. If you lose, abide by the rules. If we had lost we would similarly be confined by the rules.

Q. Is there any fear of a white backlash?

A. No, no, everybody is compelled to abide by that. I don't think there will he any white backlash. I think everyone has accepted the fact of our victory, that they are prepared to abide by the rules. I think what remains to be done is to give them assurances, to those of them who have fears and anxieties, that we don't intend to take any vindictive, military action against anybody or to punish them by detaining or imprisoning them, or by getting them out of the country or depriving them of a livelihood by taking their jobs from them, that they are safe if they remain here, that their pensions are assured—that kind of thing.

ON A ONE PARTY STATE

Q. Do you see your own party joining with Mr Joshua Nkomo's ZAPU or Patriotic Front to form a single political party instead of the present Government coalition?

A. As a single party? Well, that's the ultimate goal, but at present we are trying to work out a more amicable relationship in Government.

Q. Do you think it will succeed?

A: I think it will. What alternative is there? The alternative is for a split, and that Zapu works as an opposition, which will be extremely undesirable. I've heard Nkomo expressing his dislike of working as an apposition, and I also feel that it would be undesirable for Zapu to do that. I think it is better to work with us. Whatever breaches that exist at the moment are bound to go.

Q. Yon seem to want close relations with Britain and you seem cool towards the Soviet Bloc, some of whom were not invited to your Independence celebrations. Can you explain?
able attitude.

A. Yes, we've cultivated close friendship with Britain. I think, we were never really hostile to Britain as such. When wa fought the war here, of course we said we were fighting colonialism and imperialism. But we were never really hostile to the British people—and we are independent add there is no quarrel with Britain. We see no basis to adopt an unfavourable attitude.

Q. Bot the Soviet Bloc? Why are yon cool?

A. We are not cold towards the Soviet Bloc. They have been cold to us. We have never regarded them as our enemies. Throughout the period we have been waging the struggle, they have been allies and fighters aloogside us against imperialism and colonialism. But tbey never asisted us—they cose to assist Zapu and through Zapu the people of Zimbabwe. We have invited them to the Iodependence celebrations to bring the same number of people as everyone else.

From prisoner to Premier

ZIMBABWE'S 230,000 whites had hardly time to digest the landslide victory of Zanu-PF before they watched the man branded as a "Marxist terrorist" appear in a national television broadcast appealing for peace and reconciliation.

It was a speech as powerful and effective as the historic address with which Jomo Kenyatta won the confidence of the white farmers of the Kenyan Highlands. "It is now time to beat our swords into ploughshares declared Robert Gabriel Mugabe, the new Prime Minister, "so that we can attend to the problems of developing our economy and our society."

Hhis pledge to form a broad based national government and the announcement that the tough Rhodesian-born Commander of the Armed Forces, General Peter Walls, would preside over the integration of the rival armies, went a long way to reassure nervous whites. For blacks who were rejoicing on the streets of Salisbury the most important prize had already been delivered: peace had returned to the countryside after a bitter seven-year war.

It was a remarkable performance, which has been sustained over the past seven weeks, by the 56-year-old austere socialist.

Like many of the Prime Ministers and Presidents of ex-British colonies, Robert Mugabe underwent part of his political apprenticeship in jail. It was during bis 10 years in detention that he collected most of his five degrees, including a BA and an LlB. It was during this time, also, that his only child died of malaria and Ian Smith's Government refused him permission to attend the funeral.

Brought up at a Catholic mission and a teacher by training, he left Rhodesia in the 50s to teach in Northern Rhodesia (now Zambia). In 1958, chafing at political restrictions, he went to teach in Ghana where he met his wife Sally. Back in Rhodesia, he moved up the nationalist political ranks, becoming secretary-general of the Zimbabwe African National Union which broke away from Joshua Nkomo's Zimbabwe African Peoples Union in 1963.

Soon after his release from detention in 1974, the slight, diffident bespectacled man with his air of a university professor, secretly left Rhodesia for Mozambique.

By 1975 he was beginning to what had become a guerrilla based party which be led at the Lancaster House negotiations in London last year. He returned to Salisbnry after nearly five years of self imposed exile to a tumultous welcome from a crowd of over 150,000.

He now has to cope with the problems of rising black expectations, refugees, land hunger and the uneasy alliance with the Patriotic Front Party led by Mr. Joshua Nkomo. But in the past few weeks he has made a remarkable startin the healing of a bitterly divided society.

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Points from the new Manifesto

AIMS: To liberate Zimbabwe and establish "a nationalist socialist panafricanist and democratic republic of Zimbabwe."

BELIEFS: The party is a People's party, the people's power being "realised not only in respect of Parliament and the Government, but in the public service, the army, the police force and the judiciary." The people must also be involved in the "productive processes . . . as full participants, in both the decision-making process, management and control of industries concerned, whether primary or secondary, and in the sharing of benefits in accordance with their contribution of in-puts of labour.'

"The principle of the paramountcy of the people edmands . . . that a sense of national belonging . . . should submerge and destroy tribal, regionalistic and racial animosity."

GENERAL ECONOMIC POLICY: "Zanu's ideological belief is socialism (but) in working towards the socialist transformation of Zimbabwean society, a Zanu Gpvernment will nevertheless, recognise historical, social and other existing practical realities of Zimbabwe. One of these existing practical realities is the capitalist system which cannot be transformed overnight. It is recognised that private enterprise will have to continue until circumstances are ripe for socialist change."

LAND: "Eighty-three per cent of our people live in rural areas. . . . A Zanu Government will handle the question of land with the utmost urgency . . . it will acquire as much land from the private sector as is necessary for the resettlement of the peasant population currently without land or with poor land. Such land will come from unused or abandoned land, underutilised land or land owned by absentee owners." A Zanu Government will "promote on newly acquired land collective villages and collective agriculture" though such collectivisation will be "by persuasion rather than compulsion."

"Private agriculture will be retained but restricted only to efficient farmers."

MINING: "The need for direct State involvement in the mining industry on a partnership basis will be examined.

It is necessary that the role of the mineworker be given its correct place in terms of the adequacy of his conditions of service, his skills and productive capacity and his organisation into trade unions."

FINANCE AND BANKING: A Zanu Government will maintain the present banking system as much as possible and will emphasise strong central control by the country's central bank . . . public investment in important spheres of Governmental action will be taken. The present ways of raising public revenue need revision and adjustment while the present system of direct taxation would have be overhauled where it is inequitable. Unfair and inequitable taxes will be abolished."

EDUCATION: Zanu will abolish the distinction between African and European education. One of the "cardinal principles" is "the establishment of free and compulsory primary and secondary education for all children regardless of race."

HEALTH: "A Zanu Government will offer a free national health service, delivering primary health care to the whole nation regardless of race."

THE MANIFESTO lists 13 "rights and freedoms" among which is freedom of speech, assembly, association and religiion and of recourse to the courts.

Reconciliation is top priority

THE FIRST government of Zimbabwe, which formally took office last Friday reflects the determination of Mr. Robert Mugabe, the new Prime Minister, to have a broadly based government of reconciliation. Absent from the Government is any representative of the United African National Council (UANC) led by former Prime Minister Bishop Abel Mpzorewa. The UANC suffered a humiliating defeat in the elections in February, winning only three of the eightly black seats.

Otherwise, however, the new Cabinet of 24 Ministers, together with their deputies, is a careful mix of political parties as well as of old-style nationalists and younger more technocratic politicians. An attempt has also been made to balance the countrys regional and tribal interests.

Though it is too early to tell how the Cabinet will function now that the country is independent, the recent six-week transition, during which Ministers were running themselves in, suggests that compromise and moderation, at least for an initial period, will be the order of the day.

It seems clear, however, that Mr. Mugabe intends to put his own stamp on the Government early on. In his first major Press conference after the election he declared the Government's priority to be land reform and to that end he creeated a new Ministry of Lands, resettlement and Rural Development. Another area for "major restructuring," for which another new Ministry has been set up, is the public service, where a major effort at Africanisation can be expected. The Prime Minister also appears to intend that the new Ministry of Economic Planning and Development, given to former UNCTAD deputy head Dr. Bernard Chidzero, will be in overall charge of economic policy, previously the responsibility of the Ministry of Finance.

The key to Mr. Mugabe's Cabinet is his alliance with Mr. Joshua Nkomo, the veteran nationalist whose party, the Patriotic Front (formerly Zapu got only 20—against Mr. Mugabe's 57—of the eighty black seats in the House of Assembly. Mr. Mugable does not need the alliance in terms of votes, but it is vital as evidence of a desire for national reconciliation, given that Mr. Nkomo is the unchallenged leader of the minority Sindebele-speaking people.

For similar reasons of reconciliation Mr. Mugabe appointed two Europeans to his Cabinet. One, Mr. Dennis Norman, is a respected farmer, though without ministerial experience. The other, Mr. David Smith, was a Minister in Mr. Ian Smith's Rhodesian Front (RF) Government for more than ten years. The RF, which was responsible on the illegal declaration of independence fourteen and a half years ago, has all the 20 white seats in Parliamentary.

The black members of Cabinet are a mix of veteran nationalists like the Deputy Prime Minister and Minister of Foreign Affairs, Mr. Simon Mzenda, and younger university-educated men like 34-year-old Dr. Dzingai Mutumbuka, who took his first degree at the University of Rhodesia, his doctorate at Sussex and then taught chemistry at Dublin University. More than three quarters of the new Ministers and their deputies have university degrees, the younger ones having collected their in exile and the older ones, in general, having studied during their long years in jail.

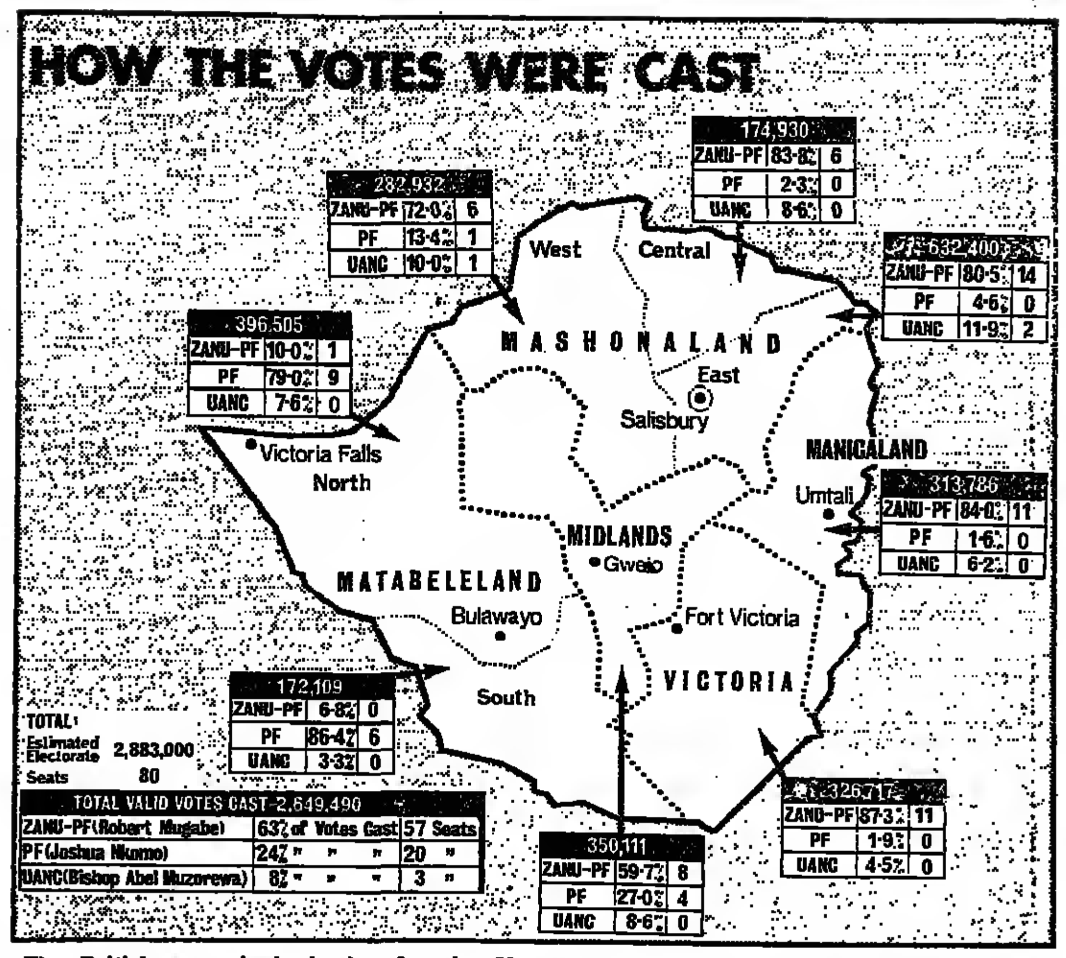
At least half of the black cabinet members have spent several of the last twenty years in detention for their nationalist activities. The list includes the Prime Minister himself and his deputy, as well as Mr. Edgar Tekere (Minister of Manpower) and Mr. Nkomo—all of whom were detained from the mid 1960s until December 1974.

For the first time in Rhodesian politics the new Cabinet includes a woman—Mrs. Tueral Nhoozo, wife of Rex Nhongo, the Zanla army commander. The military are not directly represented, although Emmerson Munangagwa, the Minister of State in the Prime Minister's office in charge of security, in 1964 led one of the first armed groups to fight in Rhodesia. He then went to Cairo and onto China for military training, and later worked very closely with his relative, General Josiah Tongogara, who until his death in a car accident in December 1979 was Zanla chief of staff. A number of other younger Ministers, such as Dr. Sekeramayi at Lands and Resettlement and Dr. Ushewokunze at health, have also had military training.

The choice of Cabinet Ministers and their deputies also reflects the country's regional and tribal groupings. The southern Ndebele province of Matabeleland, comprising some 20 per cent of the population, is represented by Mr. Nkomo and two PF Ministers, as well as by Mr. Enos Nkala and the president, the Rev. Banana. But Mr. Mugabe seems also to have striven to achieve a balance among the different groups of Shona speakers, who compromise eighty per cent of Rhodesia's population and from who Zana (PF) finds most of its support. Mr. Mugabe's own group is the Zezuru, but these are balanced by appointees from the Karanga group (which provided many of the Zanla fighters) as well as by eastern Manica people.

Bridget Bloom

Lord Soames, the British Governor, who guided the country to Independence strolling in the grounds of Government House



The British supervised election for the 80 black seats in the National Assembly was held in Zimbabwe from February 27-February 29. Nine political parties fought the election, although only three won seats. Under the prevailing party list system any party which did not win 10 per cent of the vote in each district in which is put up candidates was eliminated from the contest. The final turn out was 57 seats for Mr. Robert Mugabe's Zanu (PF), 20 seats for Mr. Joshua Nkomo's Patriotic Front (formerly Zapu) and three seats for Bishop Muzorewa's United African National Council (UANC).

ZIMBABWE CABINET

MINISTRY	MINISTER
Prime Minister, and Minister of Defence:	Mr. Robert Mugabe
Deputy Prime Minister and Minister of Foreign Affairs:	Mr. Simon Mzenda
Minister of Home Affairs:	Mr. Joshua Nkomo (PF)
Minister of Manpower Planning and Development:	Mr. Edgar Tekere
Minister of Finance:	Mr. Enos Nkala
Minister of Justice and of Constitutional Affairs:	Mr. Simbi Mubako
Minister of the Public Service:	Mr. Richard Hove
Minister of Labour and Social Welfare:	Mr. Kumbirai Kengai
Minister of Local Government and Housing:	Mr. Eddison Zvobgo
Minister of Lands, Resettlement, and Rural Development:	Dr. Sydney Sekeramayi
Minister of Commerce and Industry:	Mr. David Smith
Minister of Agriculture:	Mr. Dennis Norman
Minister of Information and Tourism:	Dr. Nathan Shamuyarira
Minister of Natural Resources and Water Development:	Mr. Joseph Msika (PF)
Minister of Education and Culture:	Mr. Dzingai Mutumbuka
Minister of Health:	Mr. Herbert Ushewokunze
Minister of Public Works:	Mr. Clement Muchachi (PF)
Minister of Posts and Telecommunications:	Mr. Morris Nyagumbo
Minister of Mines:	Mr. George Silundika (PF)
Minister of Youth, Sports and Recreation:	Mrs. Toural Ropa Nhengo
Minister of State in the Prime Minister's Office:	Mr. Emmerson Munangagwa
Minister of Transport and Power:	Mr. Ernest Kadungure

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Bridget Bloom and Michael Holman profile the President and leading members of Mr. Mugabe's cabinet

Rev. Canaan Banana

The Rev. Banana

REV CANAAN BANANA, wha was elected President of the Republic by Parliament last week, came comparatively late to nationalist politics. A methodist minister he was a founder member and the first deputy president of the African National Council, the party backed by the banned nationalist movements and headed by Bishop Muzorewa to galvanise African opposition to the Douglas-Home settlement proposals of 1971.

Followiog the resounding "oo" delivered by the ANC and others to the Pearce Commission lo 1972, Rev. Banana stayed with the ANC uotil 1973, wheo he left Rhodesla without a passport to study theology lu the U.S. He returned in 1975, was arrested and then released to joio Bishop Muzorewa's detegatioo to the Geoeva conference. He joined Mr. Mugabe's delegation at the tail end of the conference, was restricted on his return to Rhodesia early in January 1977 and released two years later.

Canaan Banana was born at Essexvale near Bulaway. Though not an obvious candidate for Zano (PF) to put forward for the presidency. his position as a member of the minorty Ndebele makes him an important figurehead in Mr. Mugabe broadhased Governmeot of National Unity.

Joshua Nkomo

THE MASSIVE figure of Joshua Nkomo hash ben a landmark in Rhodesian nationalist politics for nearly 30 years. Leader of the Patriotic Front (formerly Zapu), which won 20 of the 80 black seats in the February election, Nkomo had hoped to break out of his stronghold — the southern province of Matabeleland—aod win national support. He failed to do this, winning only five seats in the majority Shona speaking or mixed areas. But Nkomo remains a key figure and an essential part of Mr. Mugabe's broad-based adminiatration.

Mr. Nkomo

Relations between the two men, despite the belief of both in national reconciliation, are not close, though their experieoce of working together at the Lancaster House conference may ease the inevitable problems of working in coalition, particularly difficult for Mr. Nkomo.

Mr. Nkomo refused the figure head position of President, and insisted that the Home Affairs Ministry, which he now occupies, should be given some "teeth" by having the police included in it. But in the bargaining Mr. Nkomo lost the administratioo of the tribal trust lands, which went to a trusted Zanu Minister Mr. Eddisou Zvobgo, while the intelligence services remain ansyerable to the Prima Minister.

One of Mr. Nkomo's most immediate tasks however is to put heart back into his own party, disillusioned by its comparatively poor performance in the election and its obviously secondary place in the independeoce Government.

David Colville Smith

Mr. Smith

DAVID COLVILLE SMITH (58), Minister of Commerce and Industry, is a bhiff, relaxed farmer who served for 10 years as a minister in former premier Ian Smith's Rhodesian Front Government. His appointment, like that of Mr. Dennis Norman to agriculture, was made principally to reassure the country's whites of the pragmatism and desire for reconciliation of the new black Government.

In conversation, David Smith, who retains a strong Scots accent, gives the impression of wanting to stand aside from the hurly burly of polities, but in recent years he had become increasingly critical nf Ian Smith's rule. He has stopped short of leading equally critical colleagues into a new white party, hut his appointment—formally approved by Ian Smith — may nevertheless hasten a split in Rhodesian Front ranks.

Meanwhile, David Smith brings expertise and Ministerial experience to a largely untried Cabinet. Mr. Smith arrived in Rhodesia from Scotland as a farm assistant in 1946.

He became Agriculture Minister in 1968, Finance Minister in early 1976 and Deputy Minister ta Ian Smith later that year. He was joint Minister for Finance and for Commerce and Industry in the Muzorewa Government.

Enos Nkala

Mr. Nkala

THE APPOINTMENT of Enos Nkala (47) as the new Finance Minister initially alarmed the targely white business community, most of whom knew the veteran nationalist only through his outspoken comments during the election campaign. Mr. Nkala was banned bv Lord Soames, the Governor, halfway through the campaign for his allegedly inflammatory statemeots. Views of the oew Finance Minister have tempered a little since the election. though students of black oationalism have long been aware of bis reputatioo for fiery political oratory.

Nkala entered nationalist politics at an early age aod it was at his house that Zanu was formed. with Robert Mugahe as secretary general and Nkala himself as treasurer, a post he still holds. Nkala has spent more thau 15 years io detention. being released finally ooly in November. 1979.

Nkala has little formal education, and though he took numerous courses in accountancy and related economic subjects in detention, be admits that he failed to get a degree.

Mr. Nkala is the most senior Ndebele in Mr. Mugabe's party and since he failed to win a seat in his home area has been made a senator. He does not claim closa frieodship with Mr. Mugabe, and says he was surprised to he appointed Finance Minister. He recognises the alarm caused in the business community by his appointment, which he says was because of his "uncompromising attacbment to principle—I am not a sell out."

But though he seems likely to insist on the supremacy of the Treasury over Mr. Cbidazero's new economic planning ministry, observers believe that his fervent nationalism could well be tempered by the complexities of his new portfolio. But Nkala said in a recent interview: "I won't compromise my helleves. If I make mistakes and the Prime Minister wants me to go, I shall go."

Dennis Norman

MR. DENNIS NORMAN, 49, has risen to the top of the country's agricultural hierarchy, having heen president of the Rhodesia National Farmers' Union, since renamed the Commercial Farmers' Union, since July, 1978. His appointment as Agriculture Minister, ha says, took him completely by surprise, but he now beads oue of the country's major Ministries—over 80 per cent of the population earns its living directly off the land and the agricultural sector provides nearly 40 per ceot of wage employmeut.

Mr. Norman was born in Britain and worked on the family farm io Oxfordshire before emigrating to Rhodesia in 1953 to work as a farm assistant. He is now a respected maize and cattle farmer, but will not have an easy job as he tries to maintalo the confideuce of the country's 6,000 white farmers during a period of far-reaching agricultural reform.

Mr. Norman

M. Nyagumbo

MAURICE NYAGUMBO (56), Mioister of Mines, had little formal education and as an old-style uationalist and member of Zanu since 1963 has spent uearly 19 of the last 21 years in detention—probably a record, even for the much-detained black politicians of Rhodesia.

Born in Rusape in the east of the country, Nyagumbo's diffidence and great politeness conceals a passionate belief in uationalist ideals of equality. Surprising unembittered by his long years in jail—he was released from the last bout of detention only in November, 1979—Nyagumbo will want to move speedily towards the implementation of his party's manifesto pledge to improve the conditions and skills of mineworkers.

However, office is likely to prove his a pragmatist, while the manifesto says simply that "mining industry on a partnership basis will be examined."

Mr. Nyagumbo

Simon Mzenda

SIMON MZENDA (57) is Deputy Prime Minister and Minister of Foreign Affairs, is one of the most popular men in the nationalist movement, who frieodships cross party lines and whose credentials go back to the early 1950s. Mzeoda trained in Sooth Africa as a carpenter. instructed carpentry near Dorban hot returned to Rhodesia in 1961 to become first a member of the Zimbabwe Africao People's Union (Zapu) and then a founder member of Zanu. Mzeuda was arrested and jalled for two years for nationalist actlvitles in 1961 and agalu between 1965-71. One of his daoghters—following io her father's oatiooalist footsteps — weut to Mozambiqoe hot was killed when Rhodesiao forces attack a Zanu camp at Chimolo to years ago.

A member of the important Karauga group within the Shona speaking majority, Slmoo Mzenda remaios what a colleague called a "man of the people." A member of tbe central committee since 1977 aod a trusled frieods of the Prime Minister, Mzenda is a calm man who has taken a level headed approach to the country's forelgo policy.

While the key uote is non-alignmeot. Mzeoda bas welcomed British post-independence aid and technical assistanee. He shares his party's disappointment with the tack of aid during the guerrilla struggle to Zanu from the Soviet Uolon aod otber Soviet hloc countries.

Mr. Mzenda

Edgar Tekere

EDGAR TEKERE (43), Minister of Manpower Planning and Development, spent 10 years in detention until his release in 1974. He was born oear the eastern border town of Umtali, the son of an Anglican priest. After a mission education, he moved to Salisbory and was soon active in nationalist politics.

Tekere gives the appearance of being relaxed, but has a reputation as a tough and influential member of the powerful central committee of Zanu (PF).

He is close to the Prima Minister, having backed Mr. Mugabe's overthrow of the former Zanu leader, the Rev. Ndabauiogi Silhole, when the men were in prisou in Rhodesia in 1974. Tekere accompanied Mugabe to exile in Mozambique in 1975 and helped the new leader to consolidate his power over the party in the next two years. Tekere was elected secretary general of Zanu in 1977 when Mugabe finally ceded that office to become president of the party.

Mr. Tekere

Tekere will now oversee the party's reorganisation aa well as running his new Ministry.

Mr. Sekeramayi

Dr. Chidzero

Sidney Sekeramayi

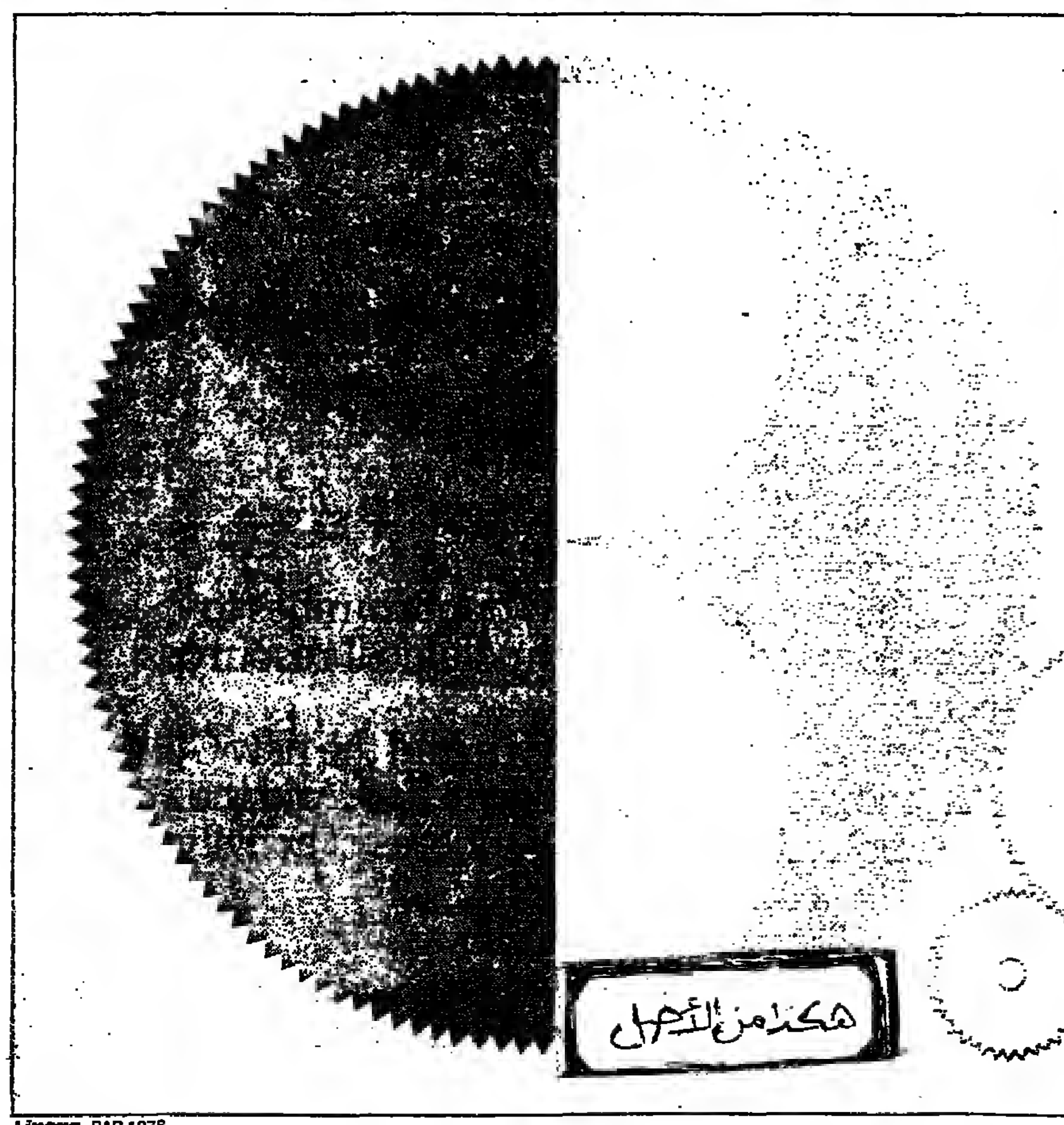
SIDNEY SEKERAMAYI (36), as Minister of Lands, Resettlement and Rnral Development, faces possibly the greatest challenge of any of the new Ministers. Land and associated issues have always been at the heart of Rhodesian politics, while the aeven-year guerrilla war saw at least 250,000 refugees flee to neighbouring States and as many leave the countryside for the comparative security of the towns.

Sekeramayi. who like his colleague Minister of Health, Herbert Uahewonkunze, is a qualified medical doctor, underwent military training as a guerrilla during the war. From a peasant family in the Chiota tribal trust land near Saltsbury, Sekeramayi was expelled from secondary school for his political activities in 1963.

Bernard Chidzero

DR. BERNARD CHIDZERO (53), has been released from his post as deputy head of the United Nations Commission for Trade and Development (UNCTAD) to serve as Mr. Mugabe's new Minister for Economic Planning and Development. Dr. Chidzero, who has degrees from South Africa and Canadian universities and 20 years' service with the UN and associated bodies like the Economic Commission for Africa, is probably the most distinguished of a group of largely non-political Zimbabweans now returning from exile.

Dr. Chidzero was chairman of the commission which in 1979 drew up the "Economic and Social Survey of Zimbabwe" under the auspices of the UNDP. The survey is now being seen as a preliminary planning document for the new Government.



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UK and S. Africa have strong influence on foreign policy

THE GUEST list for Zimbabwe's Independence celebrations was an impressively catholic selection. More than 100 countries were invited, inclnding all the member States of the Commonwealth, the Organisation of African Unity, and the European Community, as well as all the super-powers, the U.S., the Soviet Union and China.

The list certainly underlined the desire of the new Government of Zimbabwe to be a genuine member of the non-aligned movement. "It is going to be in the interests of this country that we have cootact with as many countries as possible," Mr. Simoo Mzenda, the Deputy Prime Minister and Foreign Minister, said in an interview with the Financial Times. "We are non-aligned. There is no qnestion of cboosing between China, the Soviet Union or the United States. We treat everybody in the same way."

However, the guest list was if anything more interesting for its significant exclusions than for the tally of those who were invited. The most notahle, althongb predictable, exception was neighbouring South Africa. More surprising, perhaps, was the exclusion of the leading countries of Eastern Europe—East Germany, Polaod, Hungary and Czecboslovakia — although Albania, Romania and Yngoslavia were invited.

Several factors are likely to colour Zimbabwe's future foreigo relations. One is its colonial beritage, which is likely to leave Britain in a key position, in terma of dlplomatic links, aid and trade. Another is Zimbabwe's inberited pattern of trade, in whicb South Africa remains its most important partner. The conflict between that powerful bond and the political antipathy between the two former white minority-ruled allies is likely to make relations with South Africa the most difficult and sensitive foreign policy issue facing the new Government. A final factor is the pattern of relations developed by Mr. Mugabe's Zimbabwe African National Union (Zanu) party in exile, and which countries or parties supported him in his guerrilla struggle: that is wbere the East European countries appear to have gone wrong.

One of the ironies abnut Mr. Mugabe's landslide victory in the Rhodesian elections was that his party had actually enjoyed less international backing from the major powers than any of tbe others. Mr. Joshua Nkomo's Zimbabwe African People's Union (Zapu) had the backing the the Soviet Union, and most notably of East Germany, as well as Western interests. Latterly, Bisbop Abel Muzorewa bad most support both from South African and Western interests. Mr. Mugabe, although initially backed hy China with both arms and training, was forced to rely increasingly on African intermediaries such as Ethiopia for his supplies, as China reduced its profile in Africa. But some arms also came from Romania and Yugoslavia.

Lack of support

The snub to East Germany and its fellow East European States appears to be a direct consequences of that lack of support for Zanu's guerrilla war—and for their extensive commitment to Mr. Nkomo, Mr. Mugabe's partner in Government. Relations could also prove difficult for the same reason with Zimbabwe'a nearest neighbour, Zambia, for President Kaunda was always a close friend and snpporter of Mr. Nkomo. Mr. Mzenda, however, put the general point more cautiously: "We got more help from certain groups in, some countries," he said. "That might make relations easier."

Nevertheless, relations with Britain, never notable for its support either moral or material during the gnerrilla war, seem set to remain close. Already, a string of oid programmes have been set in motion, includiog one to help the new Government set np its diplomatic service virtually from scratch.

"Tbe one country we can be closest to is the country which colonised us," Mr. Mzenda said. "There are perbaps thousands of Zimbabweaos still living in Britain. Suppose we wanted teachers. We cannot get teachers from any other country wbicb does not speak English." The first Zimbabwean High Commission is likely to be opened in London, in the former Rhodesia House, in spite of the befty bill for uopaid rates being demanded by the Westminster City Council.

As for other missions, the new Government is virtually starting with a clean slate, because the former regime lacked formal recognition from any other country. However, there were Rhodesian offices in a handful of cities, including Washington, Pretoria, Cape Town, and Lisbon, as well as Zanu and Patriotic Front offices in several conntries.

Mr. Mzenda said the new Government planned to set up some 15 new embassies and high commissions, and in the first place wonld choose between these offices of botb the former Governmeot and the Patrlotic Front already in exlsteoce. The latter include Canada, Sweden, Romania and Yngoslavia, as well as African countries such as Nigeria, Ethiopia and Libya, and all Rhodesia's neighbouring States.

Relations with South Africa have yet to be finalised, but so far both Governments have treated the issue with great caution. "We would want South Africa to regard us as a good neighbour, in the same way we intend to regard her as a good neighbour," Mr. Mugabe said on his accession to office. Both countries should observe the right of mutual co-existence and mutual non-interference in domestic affairs. South Africa "should refrain from doing thoae things which would make us enemies," be said. "We do not expect to provide facilities here for people who intend to fight an armed struggle. Onr reality is that we must co-exist with South Africa."

Major partner

In attending the meeting of front-line States in Lusaka earlier this month, Mr. Enos Nkala, the Zimbabwe Finance Minister, made it clear that his Government was not in a position to reduce its own ties. Apart from providing its most important trade routes to the sea, south Africa is a major trading partner, buying Zimbabwe's manufactured goods, such as textiles, and supplying the largest sonrce of imports in defiance of the former UN sanctions.

At the same time, Mr. Mugabe has made it clear that he will oppose South Africa's internal policies on international platforms, and support OAU campaigns against apartheid to tbe best of his ability. "People talk about the OAU demanding this and that," Mr. Mzenda said. "The OAU understand our situation.

"We hope we will be able to help the position in South Africa by the way we handle our people here. We will not take up arms against South Africa." Mr. Mzenda said that no decision had been taken on the status of the two countries' respective diplomatic missions, but if trade continued, some staff would be needed to service it. Moreover, some arrangements bave to be reacbed about outstanding deht owed to the South African Government, estimated at some $300m.

While many final decisions have yet to be taken by the new Government on its future foreign relations, the broad guidelines appear to be ones dictated largely by pragmatism, influenced by political sympathies, but not decided on ideological gronnds. "There is no intention of interfering witb our original markets," Mr. Mzenda said. "The priority for any country selling goods is where they cao find a market. If we can find new markets, well and good. But we cannot keep our tobacco bere. If we could, we would sell it on the moon."

Quentin Peel

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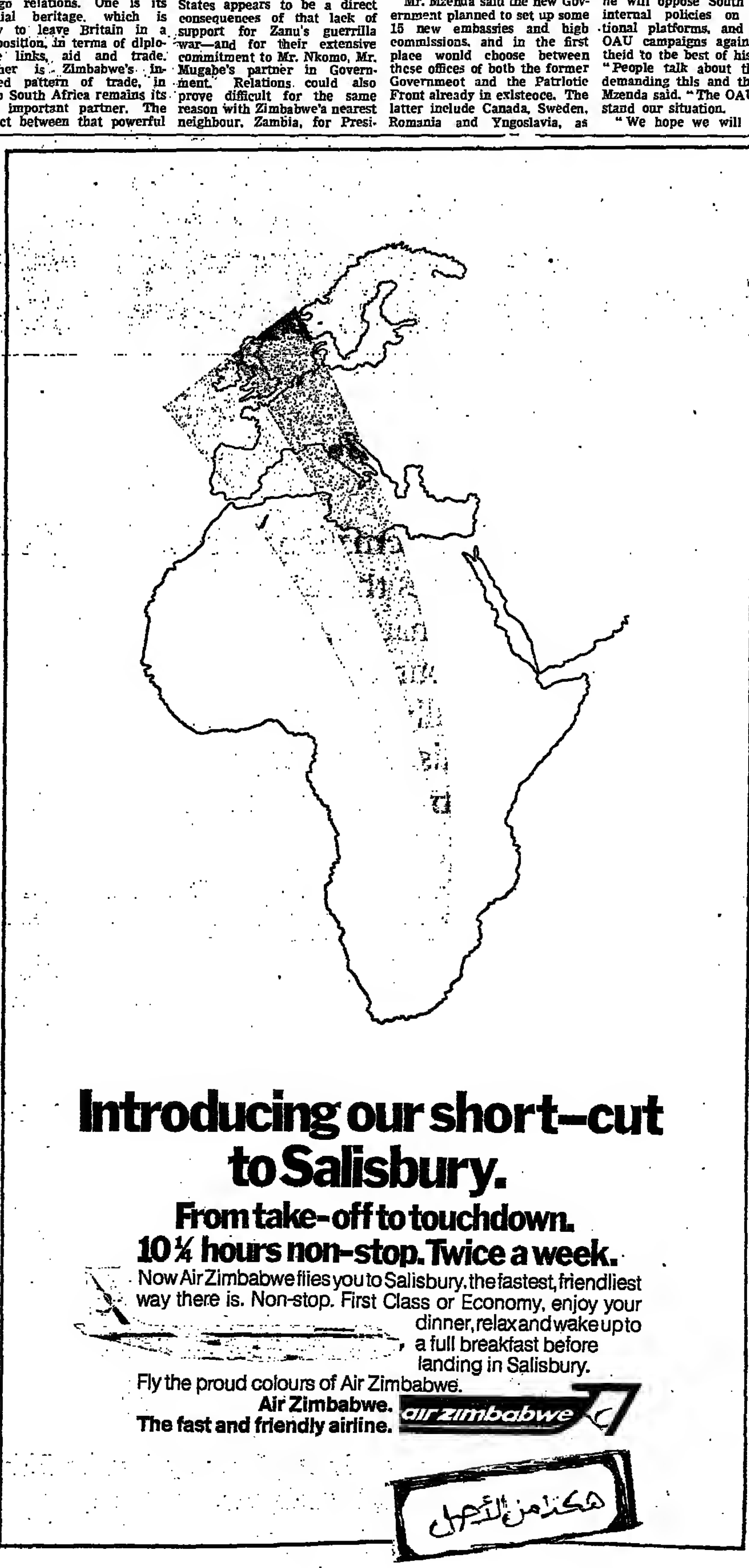


Foreign investors have major stake in economy

GIVEN THAT the foundations of the modern State of Zimbabwe were laid by a 19th century British-based multinational corporation — the British South Africa Company —it is scarcely surprising that to this day forelgn investment enjoys a disproportionate influence in the economy. Indeed, every major productive sector of the economy—mining, agriculture and manufacturing—as well as the key financial sector, has either a dominant or at least a substantial level of foreign ownership.

Relations between the new Government and the major foreign investors in the economy are therefore certain to be of critical importance to the future economic development of the country. So far, both sides in the debate are treading with extreme caution. On the one hand, Mr. Robert Mugabe, the new Prime Minister, bas deliberately not repeated accusations of colooial exploitation traditionally levelled against the multinationals. On the other, business leaders have swallowed their instinctive aversion to a man they regarded formerly as a fanatical Marxist, to wait and judge him by his actions.

Nevertheless, it is inevitable that the role and involvement of foreign companies will be a priority for reconsideration hy the Government. In spite of professedly more liberal employment policies, and tbeir opposition to Mr. Smith's UDI in 1965, foreign-owned husinesses are just as much part of the structure of exclusive white domination of the economy as their locally-owned counterparts.

Their employment of migrant and contract workers, and the low level of wages paid throughout the "advanced sector" of the economy in which they are involved, seem certain to conflict witb the egalitarian ideals of Mr. Mugabe's Government. Moreover, the level of repatriated profila and dividends, which has risen steadily in recent years, has always been a target for African nationalist criticism, to the extent that it puts an added strain on limited foreign exchange resources.

Technology

On the other hand, foreign-owned companies provide many jobs which the new Government cannot afford to jeopardise when it already has widespread unemployment to cope with. They are a primary source of imported technology for the relatively sophisticated manufacturing sector. They can provide expertise in fioding export markets — a skill undoubiedly used in former years to circumvent sanctions. And they have resdy access to sources of international capital.

Estimates of the total size of foreign capital involvement in Zimbabwe are inevitably very round figures — partly because of the restricated amount of information disclosed during the years of UDI. The most recent estimate (in a study for UNCTAD) puts total foreign capital stock at between $1,500m and $2,000m out of a total capital stock of $2,250m to $2,750m. The figures suggest a marginal reduction in the proportion of foreign control since 1945, when it stood at between 70 and 80 per cent, but a very large increase io value from a figure then of around £50m.

As for the origin of the investments, they are overwhelmingly from just two sources: Britain and South Africa. The same UNCTAD estimate by Colin Stoneman put the British proportion at $815m and the South African at $583m. Indeed, the division between the two is somewhat arbltrary, as some UK companies treat their offshoots in Zimbabwe as subsldiaries of South African subsidiaries and others control their investments direct from London.

The sectors most dominated by foreign capital are mining and finance, particularly the banks, where all four are foreign-owned. But foreign interests are substantial throughout manufacturing industry, and the largest foreign-owned farms and ranches contribute a disproportionate amount to total output, and particularly to agricultural exports.

76% foreign

In the mining sector, very few large-scale mines do not fsll uoder foreign ownership nr control. Out of total miniog employment (in 1978) of some 60,000, large-scale operations accounted for some 46,000 or 76.6 per cent, of which at least 36,000 were accounted fnr by foreign-owned companies, according to Dr. Duncan Clarke, in bls comprehensive study just published by the Catholic Institnte for International Relations.

Foreign nperations prohably accounted for a larger proportion of output: 68 mines provided 88 per cent of jnbs and 95 per cent of output.

Anglo American is the classic, and most extreme, example of the key pnsition nf foreign capital in the economy. In mining, il controls either directly or through associate companies (like JCI), nickel, copper and coal mines. It is involved in iron and steel productinn, and ferrochrome. It has one nr more directors sitting on the hoard nf at least 82 different companies. In agriculture, it owns Hippo Valley, one of the hig two sugar producers, large forestry plantations, and the Mazoe Estate, which produces some 70 per cent of the country's citrus fruit. Its industrial interests include natinnal foods, the biggest maize miller and food processor in the country, in which Britain's Spillers and South Africa's Tiger Oats also have shares.

Although no other company quite compares with tbe spread of the Anglo empire, several dominate key sectors of the economy.

Britsin's Turner and Newall cootrols asbestos production—second only to gold as a mineral export—from its Shabani aod Mashaba mines. Massive investment throughout the UDI period had increased its asset value some 16 times to £97m. The company now produces aabestos sheet, asbestos cement piping, and has taken over a sleel tubing factory.

Union Carbide conlrols some 78 per cent of the country's strategic chrome production, from what is describes as the best quallty chrome ore In the world.

The interesls of Mr. "Tioy" Rowland's Lonrho are not merely confined to mining (mainly gold and cnpper), hut also textiles, household appliances, furniture, ranching and forestry.

In industry, most nf the biggest concerns bave a significant forelgn shareholding. Delta, the largest quoted industrial company on the Salisbury Stock Exchange, which controls the brewing industry, retail stores and botels, is an offshoot of South African Breweries. Tobacco processing and marketing is dominated by foreign names such as BAT, Rothmans and Imperial Tobacco.

The construction and building materials sector includes several big British names, such as Costain, Associated Portland, Marley Tile and Pilkington.

Beverages, tobacco, paper and printing, chemicals and electrical machinery are all forelgn dominated.

Tbe other key sector dominated by foreign investors is the financial sector. All four big banks are foreign owned: Standard, Barclays and Grindlays from Britain, and Rhobank from South Africa.

Insurance and finance and investment companies all have significant foreign ownership. Names of major British accountancy firms are commonplace in Salisbury.

One imporiant result of the high level of foreign ownership has heen the equaly high level of remittaoces causing a drain on the invisible account of the balance of payments. Between 1968 and 1977 the outflow of investmeot income exceeded the capital ioflow by some $4m. Treasury forecasts of the balance of payments in coming years suggest that in spite of a visible trade balance, the invisible oulflow will result in an overall, and growing deficit: of some $20m in 1979, $160m in 1980, and $120m in 1981. In those years, the outflow on invisihle account is put at $200m, $240m and $260m respectively.

Before the February election there was no donbt about the majority view of the future in all sectors of Rhodesian business life, including the management of foreign-owned operations. "We bave great economic prospects, provided we do not have a Marxist Government, and that means Mugabe," in the wnrds of one businessman. On the other hand, a minority of the most sanguine did subscribe tn the view that "any strong government, however bad, is better than a hung parliament," as one banker put it.

Yet now the latter view already seems to prevail: the extent of Mr. Mugabe's landslide victory is suddenly perceived as a blessing, at least removing that uncertainty, eveo if his policies remain to be explained.

Now the almost universal reaction is to wait and see, even if that response could be self-defeating if it degenerates into stagnation. But a number of companies are trying to take precautions to cope with future Government policy. Many bave been trying to increase their level of local shareholding.

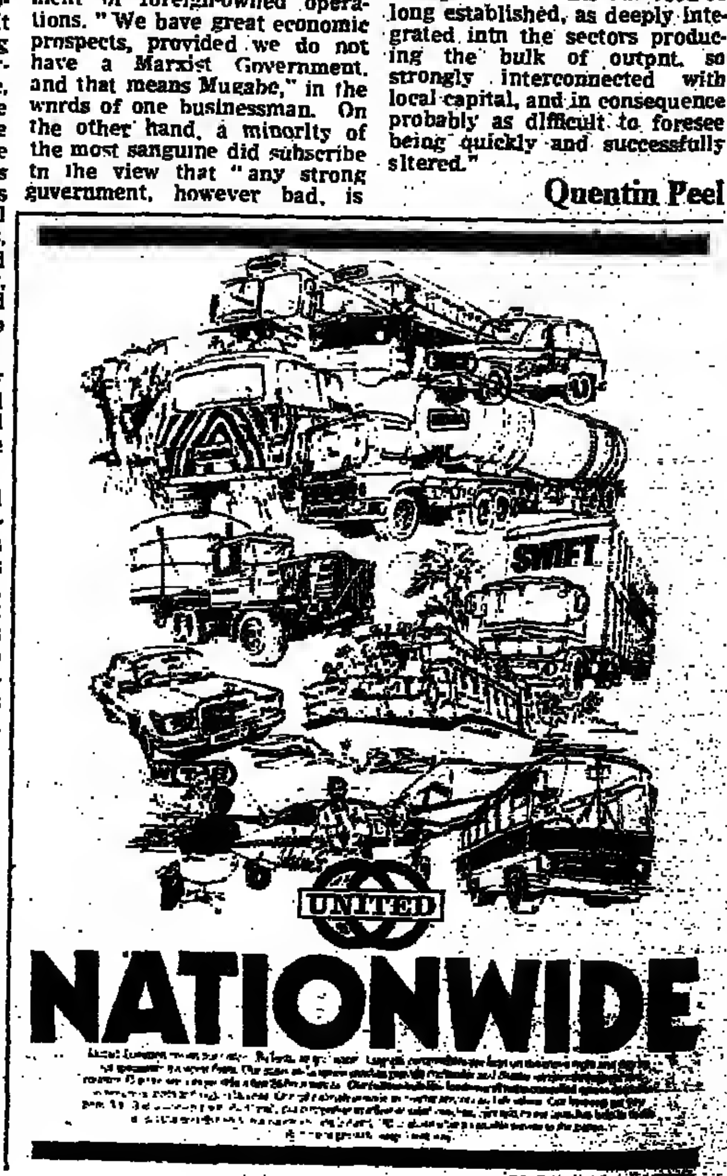
Evasive action

Sonth African companies are aware of a particular problem. In spite of his assurances to the contrary, they believe Mr. Mugabe may be forced to seek to reduce South African ownership for political reasons. Several have already taken evasive action. South African Breweries, for example, has hived Delta off to an offshore company, and consolidates only dividend income in its results. Huletts, owner of the Triangle sugar estate, consolidates on the same basis.

From the statements made so far hy Mr. Mugabe and his Ministers, sucb precautions would seem unnecessary. Mr. Maurice Nyagumbo, the Minister of Mines, insists tbat the Government believes in competition in indstry, and has no plans for nationalisation. Others maintain thal some State ownership will be necessary, but only gradually taken up.

Most would apparently recognise the truth of Dr. Clarke's conclusion: "It is hard to find a sub-Sabaran African example comparable to the Zimbawean case, in which the role of foreign investments bas been so long established, as deeply integrated intn the sectors producing the bulk of outpnt, so strongly interconnected with local capital, and in consequence probably as difficult to foresee being quickly and successfully sltered."

Quentin Peel



Mr. Don Bulloch, president of the Zimbabwe Tobacco Association

Farming in good shape for challenge ahead

IT IS appropriate that agriculture, which has been in the frontline of both the sanctions and guerrille wars, should be the sector to benefit the most from peace, recognition and the lifting of economic sanctions. It is almost impossible to exaggerate the importance of agriculture in the economy. It is the chief source of income for more than 70 per cent of the population; it provides gainful employment int be wage economy for some 345,000 people, almost all of them blacks, or about 35 per cent of total employment; even in poor climatic years it contributes more than one third of the country's foreign exchange earnings and a substantial share of inputs to local manufacturing industry.

Even in the difficult conditions of the war and drought, the agricultural sector has maintained self-sufficiency in foodstuffs for the country. It is directly responsible for some 16 per cent of Gross Domestic Product and indirectly well over 20 per cent.

In addition, because of the debate over land tenure, ownership and usage—a debate that has long been fundamental to the struggle for political power in Zimbabwe—agriculture has a significance that outweighs its direct economic importance.

For purposes of anlysis, the agricultural sector subdivides into the commercial sector, dominated by some 5,400 white farmers (down from 6,400 at the time of UDI), and the black peasant sector, chiefly involved in subsistence production, with an estimated 700,000 farming families. Almost all these producers are located in the Tribal Trust Lands but some 9,000 growers are classified as Purchase Area producers who have freehold tenure (as distinct from communal ownership in the TTLs) and who are at least partially oriented towards production for the market rather than for self-consumption.

Commercial

Total agricultural production for 1979 is estimated at just short of $500m, of which some $435m (about 88 per cent) represents commercial output by white farmers. The bulk of the peasant sector's output is for subsistence purposes with recorded sales last year falling to a mere $14m—the lowest such figure since 1973—in response tothe escalating war and the severe 1978/79 drought.

Although the area planted out to crops in the commercial sector has increased by only a quarter since 1964 there was an 82.5 per cent rise in the volume of production until the peak was reached in 1976, since when there has been a decline of some 10 per cent reflecting the drought which reduced maize deliveries by 40 per cent last year, the impact of the war on the manpower situation and physical production constraints such as the shortages of fuel and fertiliser.

The growth in output is the result of increased input intensity, better seed varieties, irrigation, higher labour productivity and the enhanced significance of livestock relative to crop production. Livestock output accounted for roughly a quarter of commercial production in 1965, rising to 33 per cent in 1975.

Despite the decline in the volume of production since 1976, outpnt has continued to rise in value terms due to higher market prices, though the growth rate of production vale has slackened markedly from 12 per cent a year in the 1967/74 period to les than 6 per cent subsequently.

A dominant feature of the performance of commercial farming under sanctions was the diversification out of tobacco into grain and fibre crops and the growing importance, interrupted in the past few years by the war, of liverstock production.

Tobacco, primarily flue-cured than 5virginia leaf, accounted for more than 50 per cent of the gross value of commercial farming output in 1965, while by 1978, its share had fallen to 20 per cent. Indeed, in the intervening years it fell even lower. Cattle production, which had been responsible for 12 per cent of totel output in 1965, had increased its share to 19½ per cent by 1978. Maize, which in terms of hectares planted has been in decline since the early 1970s, had increased its share of total output from 12 per cent in 1965 to 14 per cent. Cotton bad come from virtually nowhere in 1965 (2 per cent) to more than 10 per cent.

Wheat was a very minor crop in 1965 but by the late 1970s not only was Zimbabwe self-sufficient, but also able to export wheat to neighbouring territories. Even with the depressed sugar prices of 1978, sugar output was worth $35m then as against $13m in 1965. Soyabeans, tea and coffee bave become important casb crops both domestically and in export markets in the case of tea and coffee.

Over the sanctions period of 14 years some 900 commercial white farmers went out of production, partly because of reduced viability in the industry with input costs rising more rapidly than end-product prices and partly as the widening war forced more farmers, and especially the less efficient, off the land. Under present conditions the industry is heavily dependent upon a relatively small number of highly efficient producers, without whom the country would be unable to feed itself and unable to earn the substantial foreign exchange necessary to help finance the development programme.

In the mid-1970s it was calculated that more than balf of white commercial farming output came from 10 per cent of the total number of farmers—some 550 growers. At the other end of the scale, some 40 per cent of the farmers produced less than 10 per cent of total commercial output. These figures have some significance for land redistribution and resettlement policies since they suggest that land could be purchased from the less efficient commercial farmers and earmarked for the planned land resettlement schemes without having a major impect on the level of commercial farm output.

But for all its successes in the face of sanctions and the war, the industry facea a crucial challenge in respect of food supplies in the years ahead. This is so for two main reasons.

First, maize has heen an an increasingly nnpopular crop with commercial growers since the early 1970s. The land under maize in commercial areas fell from just under 300,000 hectares in the early 1970s to 190,000 bectares in 1978-79. As a result, a country which used to be a major exporter selling 500,000 tonnes of maize a year in external markets, ia now being forced, following two very poor climatic seasons, to import yellow maize from South Africa.

The fall in maize hectarages reflected poor profitability from the crop and the reduction in the number of white producers. At the same time, domestic consumption has been growing rapidly partly because of the 3.6 per cent per annnm population growth rate but largely because of the collapse of tribal agriculture in the face of the war. After the severe drought last year, maize deliveries were only 560,000 tonnes while consumption was 650,000 tonnes. After a further mid-season drought in 1979-80, production, currently estimated at 800,000 tonnes will only be a little way ahead of domestic usage.

In the short space of six or seven years, the maize economy has lurched from excessive domestic output, which put a very heavy strain on the country's limited transport resources, to a situation where, in a poor climatic year when maize yields are depressed, the country faces the need to import.

In 1980-81 there are hopes of a substantial improvement in peasant output which will reduce domestic consumption pressures in respect of the commercially-prodnced crop, but the new Government will still face a tough decision on pricing policy. Commercial growers say maize is hardiy viable at $75 a tonne (the 1979-80 price) pointing out that it costs $125 a tonne to import maize.

Government officials argue that with the present consumer price of $63 a tonne, there is a subsidy of close on $25 a tonne, after allowing for handling charges and distribution costs. As farm costs rise—especially labour expenses—so the Government faces the prospect of a continuation of the secular decline in maize plantings unless the producer price is raised. At the same time, a new populist Goveroment can hardly he expected to agree to increase significantly the price of the country's staple food. Thus, there will bave to he trade-off between subsidation and the level of maize plantings.

AGRICULTURAL OUTPUT 1964/78

Year	Subsistence ($m)	Tribal Trust Lands Sales	Tribal Trust Lands Total	Commercial Production Value of Output ($m)	Commercial Production Volume of Output (1964=100)
1964	26	6	32	143	100
1970	44	9	53	176	122
1974	85	26	111	333	165
1976	81	28	109	402	183
1978	49	23	72	426	177

The food supply position is complicated further by the fact that wheat production may suffer this year because of lower plantings due to farmer discontent with prices and the fact that after two droughts, winter water supplies will be lower than normal. Wheat is primarily a winter crop, reliant on irrigation.

Bnt of far great significance—from hoth the food and export position—is the parlous state of the cattle indnstry. The commercially-owned national beef herd bas fallen from some 3m bead in 1976 to an estimated 2.3m head. This is attributable to the war, to disease partly caused by the inability of the veterinary services to maintain the normal dipping procedures in neighbouring trihal areas because of the security situation there, and to large-scale cattle rustling, not simply by the guerillas hut by tribespeople.

Slaughterings

As a result, beef slaughterings will drop from a peak of some 650,000 in 1978 to around 500,000 this year. It will take a minimum of three years to rehabilitate the indnstry and the lower offtake in the next few years will slow production growth. Worse, cattle rustling is still a major prohlem even after the end of the war. At their worst, stock losses were running at 1,500 to 2,000 a week, hut even in the last week of March they were still 650.

But problems in the food sector are more than offset by optimism ahout the rest of the industry. The tobacco industry, wbicb was the prime target of economic sanctions in the late 1960s, is hoping for a major comeback in the 1980s though there is considerahle caution about the prospects for the current sales which started earlier in the month.

Optimists in the industry are hoping for an average price of at least 125c a kg in 1980 as against 82c a kg last year end 99c a kg in 1978. The lower price in 1979 was a result of a large crop, much of it indifferent in quality.

This year, after another drought, a crop of more than 100m kgs, again of mixed quality, has been produced. There is a market overhaog of at least 50 per cent of the current crop and this threatens to depress prices. Prior to UDI, Zimbabwean tobacco was heavily dependent on the UK market Britain imported 46m kg of Virginia leaf from Rhodesia in 1965 at a cost of some $43m. This was more than 60 per cent by value and over 40 per cent by volume of the 1965 crop.

Oversupply

Since then, British importers bave diversified their sources of supply—setting up or partially financing growing operations in the Far East and Brazil. There is an over supply situation in the industry worldwide and with high interest rates, manufacturers are cutting back on stock levels.

There can be no overnight switch back to Zimbabwean-type leaf hy UK manufacturers, even assuming that they wished to resume their pre-sanctions dependence on this country, which is highly unlikely. On the buyer side, too, is the fear that the whie growers will not stay in Zimbabwe and that no continuity of supply can be guaranteed.

For their part, the growers have been arguing that unless the huyers offer good prices, tobacco will not he a viable crop and supply will fall. The Government is on the sidelines, hoping for good export earnings hut, at the same time, worried lest high leaf prices ween still more growers away from maize production next season.

For the rest, there is considerable optimism about cotton, though its commercial hectarage is unlikely to increase much because it is a low altitude crop (below 4,000 ft). It has tremendous potential as a peasant family crop—possibly more ao than as a commercial one. Zimbabwe's great advantage is that it produces a high quality hand-picked crop.

Soyabeens have a future too. Output has already risen from less than $1m in 1972 to $11m last year. It is a good rotation crop for maize, and to a degree, tohacco. There is a substantial export sale to South Africa and it has played an import substitution role in replacing fishmeal imports as food for pigs.

Coffee, formerly an Eastern Highlands crop only, is now heing produced on a significaot scale north-east of Salisbury in the Lomagundi area.

Sugar output will rise sharply in value this year, reflectiog the improved world market price and the Mkwasine Lowveld estate is being switched back to sugar from wheat and cotton to benefit from the higher price and the anticipation of preferential market quotes in Industrial countries. It is vital also as the feedstock for ethanol.

Even after a poor climatic season, the value of agricultural production will rise strongly this year, mainly hecause maize yields will be much higher thao in 1979 and prices for maize, heef, tobacco, sugar and cotton will all be well up on those ruling in 17979. In value terms, commercial farm output is expected to rise hy et least 15 per cent to around the $500m mark. Although volume will probably be a shade lower in 1980, it should advance strongly next season, given average rains, growing hy at least 15 per ceot to reach new record levels.

The commercial Farmers Union has estimated that in the next two years, the sector is capable of creating an extra 100,000 jobs adding len per cent to total employment, thnugh this will depend on the new Government's policies towards land, agricultural product pricing and farm wages. But the most dramatic improvement in output should come not from commercial but from subsistence agricultura as the countryside returns to normal and as rural development programmes are put into effect.

Tony Hawkins

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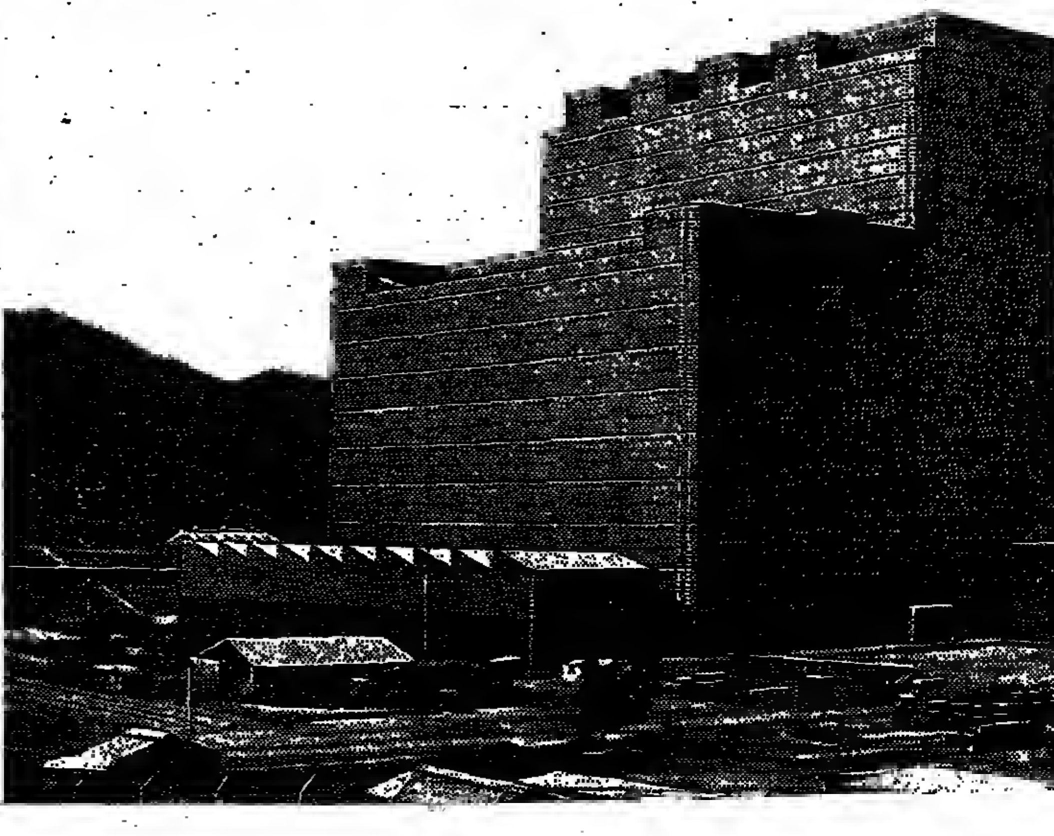

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Resettlement and land reform is Government's top priority

LAND HAS always been at the heart of Zimbahwe politics. It was first its mineral potential and later its agriculture prospects which attracted the white settlers. Their displacement of Africans from some ef the country's hest farming land, in a process which continued ioto the early 1970s, fuelled resentment over the years.

Not *surprisingly*, *then*, resettlement and land reform is the new Government's priority. The Minister for Land and Resettlement, Dr. Sydney Sekeramayi, has identified three groups with especially pressing needs: the 150,000 refugees who crossed the borders into Zambia, Botswana and Mozambique: a further 450,000 who fled to the comparative security of the towns: and the half million tribespeople who were compulsorily regroupad by the Smith Government in "protected" and consolidated villages during the war.

But perhaps the thorniest and most complex problem the Government faces involves a fourth group. Some 60 per cent of *Zimbabwe's people live in* 165 Tribal Trust Lands. For the most part they are grossly overcrowded and overgrazed.

A very different picture comes from the plateau belt running across Zimhabwe with some of the country's best agricultural land which until 1979 was set aside for white farmers. It is on this land that the hulk of the resettlement must take place, hut without curtailing the productivity of commercial farmers.

The massive shift in population that will have to take place over the years if land demands are to he met will be the third since the settlers arrived in the 1890s.

The most recent has beeo the displacement of about 1m people during the seven-year war. The first was the enforced movement of blacks into "reserves" which began in the 1890s and continued over the next 70 years as part of the policy of land aegregation. Nearly 300,000 Africans were moved under the Land Apportionment Act, subsequently the Land Tenure Act. Although the act was repealed in 1979, the pattern of land occupation ia virtually unchanged:

- Commercial farmland: 14.8m hectares, occupied hy white farmers, or white controlled companies
- Purchase land: set aside in 1930 for freehold tenure by blacks. Of the 1.5m hectares available, 1.1m are occupied by 8,500 farmers, though as many as a third left the land during the war
- Tribal trust landa: 16.3m hectares, occupied on a communal basis by some 675,000 cultivators, with a total population of about 3.5m
- National land: 5.9m hectares of parks and game reserves. The *disparity* between *black* and white holdings is enormous. The white farm averages some 2,387 hectares, while African purchase farms are around 125 hectares, and the average family unit in the trust land is 24 hectarea. This hald breakdown, however, conceals two important factors. The first is that there are 1.75m hlack workers and their familiea living on white farms, and the second is the wide gap in the quality of the land, the result partly of allocatioo of the hulk of the most fertile regions to whiles, and partly of its corolary —the overcrowding and overgrazing of the TTLs.

The generally appalling conditions in the Trust Lands are raised elsewhere in the survey. What is unanimously agreed is that something must urgently be done, and land must be found for the 650,000 people who are ill-provided for in the TTLs, as well as for those others in rural and urban refugees who may have no land at all.

What land, then, is available? In 1978, tha former government, drawing on information supplied by the Commercial Farmers Union, calculated that aoma 4m hectares of commercial land (formerly "European" land) was either vacant or underuaed, and would be earmarked for resettlement.

At the start of this year over 80,000 hectares of formerly whlta land had been bought and were soon to be rsettled. In ona scheme, on the Middle Sahi and Chisumhanje estates south of the eastern border town of Umtali, virgin bush is being cleared for wheat and maize crops. But would-he settlers bave to meet high standards well out of the reach of most peasant farmers, including a $1,000 deposit.

One ecooomist who has specialised in land policy, Mr Roger Riddell, calculates that suhstantially more than 4m hectares is available. At least 3m hectares is unused and a further 2.8m is underused, he eatimates, giving a total of 5.8m hectares or 40 per cent of the commercial farm land. The perrentage could rise to €?, he suggests, depending on the definition of underused.

Calculations of commercial land available *must* also take into accounl *f*igures on white farm production. Dr Ian Hume, a World Bank economist who formerly headed the local development agency, the Whitsun Foundation, has estimated that "over half of all production from the white farm sector somes from about 10 per cent to 12 per cent of the farms. Ahout 90 per cent of production is accounted for by 57 per cent of the farms."

"This at least suggests significant scope for selective reallocation without corresponding losses in production," aaya Dr Hume, in a foundation paper on land reform.

The Government has to date approached the issue of reform cautiously — and with good reason. The commercial sector is worth annually some $435m in produee, employs 38 per cent of the wage earning hlack lahour force, and is the prime *source* of foreign exchange earnings. Moreover it has dallowe *Zimhahwe to feed* itself, and often to export to nelghbourine countries, at a time when many of the Southern and Central African States need to import hasic fooda.

Constraints

But apart from the need to avoid disruption of production, the Government faces some severe constraints in implementing a settlement programme. The first is the Independence Constitution itself.

Tough clauses relating to land acquisition and compensation werew ritten intn the constitution when it was drawn up during the Lancaster House conference in London last year, despite the vigorous objection from Mr. Robert Mugabe, the new Prime Minister, and his ally, Mr. Josuha Nkomo.

This point was raised at Lancaster House by the *guerrilla parties*, and a *commitment* of the British and United States Governments to contribute to an agricultural development fund helped resolve the dispute. But no specific amounts were pledged, and British spokesmen made It clear that the contribution would not be intended to "buy out" white farmars, but would be earmarked for a fund fot general agricultural devalopment.

The Minister for Landa, Dr. Sekeramayi, acknowledges that the constitutional provisions are a hurdle: "If considerations of compensation become overriding, then thera is very little we are going to he able to do," he admits. But he suggests, land could he "aelf-compensating" through the impositioo of a tax on vacant or underutilised land. Further, he points out that "most of the countries that have volunteered assistance have been talking in terms of agricultural development, and indirectly or directly theae funds can be used for resettlement."

Nevertheless, tha Government *may* well find itself in the politically embarrassing poaition of having to use at least a part of foreign aid to huy up white land, whose owners are likely to take advantage of the remittance clause in the Constitution.

So far, the new Government, still settling into office, bas yet to publish proposals for resettlement. But reform features high on its election manifesto.

It pledges the creatioo of a land and agricultural developmant fuod "to facilitate the acquisition of land, land resettlement and agricultural *development*." As *much* land "as is necessary" will come from the private sector for resettlement of "the peasant population without land or with poor land," the manifesto continues, and aaya that "collective villages" and "collective agriculture" will be promotad. Ministerial statements have emphasised this will not be compulsory.

Land for resettlement will come from "unused or abandoned land, underutilised land, or land owned hy ahaentee owners"; although the private sector—both white farms and the African purchase land—will he relained, they will he "restricted only *to* efficient farmers."

The *Manifesto* alao proposea State farms. "Peasant agriculture will be the hasis of colectivisation, such collective agriculture will be hy persuasion, rather than compulsory." But it adds: "It is essential that peasant land holdings are combined to constitute viable collective units on the basis of which the State'a assistance, technical and financial, can be granted."

It ramains to be aeen whether the Government can implement these principles despite the constraints.

In one of the few efforts made so far to quantify a land reform programme, Dr. Hume has set out *five models*, *ranging* from radical reform aimed at equal farm size resulting in production losses of some 50 per rent, to schemes which retain commercial output but allow for substantial resettlement.

It is possible, he calculates, to carry out a programme with large, small scale and intensive commercial farming alongside a residual traditional farming sector, on the hasia of the reallocation of 5m to 8m hectares from "white" land to purchase area type farming, together with some 200,000 hectares under intensive settlements.

Unacceptable

But if the Zanu (PF) Manifesto reflects the Government's current thinking, then it would appear that the principles on which Dr. Hume's models are based—the encouragement of *individual* tenure—ara largely unacceptable.

A more radical proposal comes from Roger Riddell, who argues that "rather than ex*tending* the *system* of individual tenure throughout the country . . . in the long run the *land* should *be* dlvided *up into* communes with the land owned hy the commune members and farmed hy them."

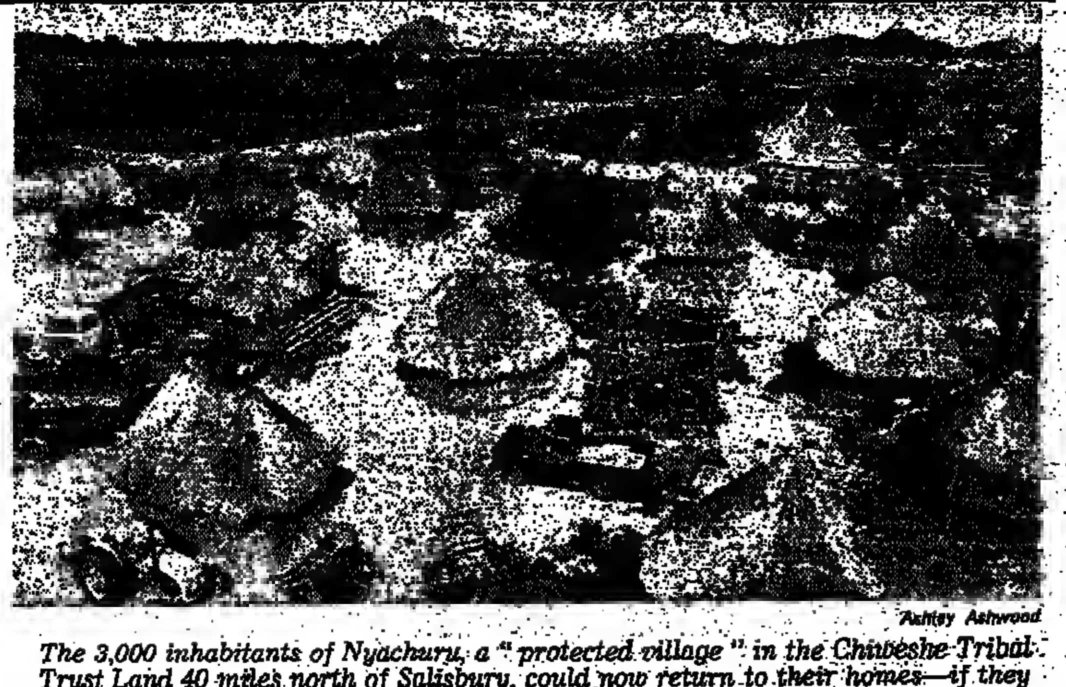
Mr. Riddell accepts that the large and medium sized farming units in the commercial areas should he maintained, hut suggests that the smaller ones he joined, and the very large sub-divided.

The Declaration of Rights, effectively entrenched for 10 years, includes a section on "freedom from deprivation of property". Compulsory acquisition can only take place when it is in the "public benefit" or "in the case of underutilised land, aettlement of land for agricultural purposes." Acquisition will only be lawful provided there is "prompt payment of adequate compensation," remittahle abroad "within a reasonahle time". The provisions are justifiable and thus the *High* Court—at present without a aingla black judge—could have a vital role.

Much ia left to the judges, since there is no definition of *underutilised land*, adequate compensation or prompt payment.

But the potentially enormous foreign exchange liability could prove the biggest constraint. Mr. Riddell calculated that the cost of acquiring the 4m hectares of land by the Muzorewa Administration, at *1979* prices would be approximately £55m. He concludes that "even if a new Government of Zimbabwe were committed to implementing a comprehensive land *resettlement* programme . . . under the constitution it would find it well nigh impossible to carry out."

Michael Holman



Ashley Ashwood

The 3,000 inhabitants of Nyachuru, a "protected village" in the Chiweshe Tribal Trust Land 40 miles north of Salisbury, could now return to their homes—if they had not been destroyed by war and weather

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'Protected villagers' gain freedom but face a homeless winter

THE GATES of Nyachuru "*protected village*" *30 miles* north of Salishury stand open, the fortified central keep which used *to* house *arm*ed *guards* is empty, and the dusk to dawn curfew has been abolished.

The 3,000 inhabitants of what is an overcrowded, insanltary rural slum are now free to return to the now derelict homes from which they were compulsorily moved six years ago as part of a massive exercise which saw over 300,000 tribespeople gathered inlo nearly 200 villages *in an effort* to isolale them from guerrillas.

The United Nations has prepared a U.S.$140m programme mainly aimed at helping the refugees, only 35,000 of whom have so far been repalriated.

Nyachuru itself is in Chiweshe Tribal Trust Land, in the Mazoe district of northern *Mashonaland*. In all, 50,000 people—almost the entire hlack population of Chiweshe—*were* moved into 21 fenced villages with floodlit perimeters. No compensation was pald for abandoned bomes and stores—since destroyed by a combination of war and weather—and scant Government assistance was provided when villagers were moved "behlnd the wire," as they put it.

Dr. Jim Watts of the hospital at the nearby Howard *Institute*, run hy the Salvation Army, describes conditioos at the start of the exercise as "appalling," and calculates that "hundreds" died in the first few months—malnly babies, children and elderly.

Although villagers were allowed to attend their fields during the day—sometimes miles away from the village—al night the crops were ravaged by wild pigs and haboons.

But the villagers have not yet moved back to the sites of their old homes. The *summer raiŋs* have passed, so it is too late to plant crops, and there is no grass for the traditional mud, pole and thatch hunts. In the meantime Nyachuru residents have been *subsistiog* on a diet of *mainly* pumpkin and leaves, and like most of the other villages, face tough weeks ahead with winter almost upon them.

The *problem* of the 300,000 inhabitants of protected villages are only part of the heritage of the seven-year war. The Salvation Army has compiled a grim casualty list. At least 27,000 people died and perhaps 10 times as many were injured, 10,000 of whom have lost limbs, sight or hearing, or have been permanently disfigured.

Some 850,000 people were displaced from their bomes (including those moved into protected villages) which now have to be rebuilt. Nearly half a million children have missed classes because of closed schools. Some 400,000 penple fled the countryside to live in the comparative safety of Salisbury and Bulawayo, and a further 150,000 hecame refugees in Botswana, Zambia and Mozambique.

The Salvation Army has itself prepared a $8m rural refugee relief project for the worst-hit areas. Civil servants anticipated the need for a reconstruction programme and have drawn up a $75m scheme aimed at *restoring* basic services in rural areas, which they presented to the incoming Govern*ment*. It is a *modest estimate*, however, and the Minister of Finance, Mr. Enos Nkala puts the cost at $200m.

Governmant officials are hoping that most post-independence assistance will be directed to reconstruction efforts. Britain haa already pledged an immediate contribution of $10m, in addition to a suhstantial aid programme over the next two to three years, and bas launched an international appeal for assistance.

The rural areas, where 60 *per cent of* the countrys 7.5m people live, bore the hrunt of the war. The majority of those who died in the *fighting* were hlack, and *most* of those lived in the countryside, killed as curfew breakers, "*running with* terrorists" or "caught in crossfire" as Rhodesian military communiques put it.

And as the war intensified so the institutions, serving regions already strained hy overcrowding and overgrazing of generally poor land, hegan to collapse.

Curfew

The objective of the guerrillas was to make government of the countryside impossible and force the 6,000 white farmers off the lond. Some institutions were closed hecause of direct guerrilla action; others hecause the war, which left most *of* the land under curfew and martial law regulations, made normal life impossible; and some because closure or confiscation was the way Government "punished" nationalist supporters, or was part of military strategy—such as the closure of grinding mills in an effort to starve out their opponents.

Education waa especially bard hit. There are approximately 2,200 rural African schools. But by late 1979 at least 1,600 bad closed, affecting 485,000 children—50 per cent of those at school. A further 15 per cenl cannot get to primary school, usually because their parents are too poor.

Medical facilities have also drastically deteriorated. Of the 275 Government primary care clinics, 178 have closed while 14 of the 57 Government bospitals were forced to shut. Mission services have been curtailed, with 23 of their 62 hospitals and 17 of their 48 clinics closed. Not surprisingly there are reports of increases in a variety of illnesses, including measles, scahies, bilharzia, venereal disease and sleeping sickness.

20-year setback

The impact on Trust Land agriculture has been appalling. Ahout 80 per cent of the 1,850 cattle dips were destroyed, whicb haa led to an increase in tick borne diseases, while curtailed veterinary services is one reason for the spread of foot-and-mouth, anthrax and rabies. Perhaps most damaging of all is the encroachment of the tsetse fly. Agriculturista reckon the eradication programme—which at one time saw teams operating up to 25 *miles into neighbouring Mozam*bique—has been set back 20 years. The net result is a *disastrous* fall in the black-owned herd, from 3.4m in 1977 to 2.4m last year, and still falling.

Food production haa also dropped. The state-controlled *Grain Marketing Board sold* 375,000 tons of maize (the Africans' staple diet) in 1977. Last year it was 650,000 tons—partly the consequence of drought, hut also reflecting tha decline in peasani ootput and the demands of urban refugees.

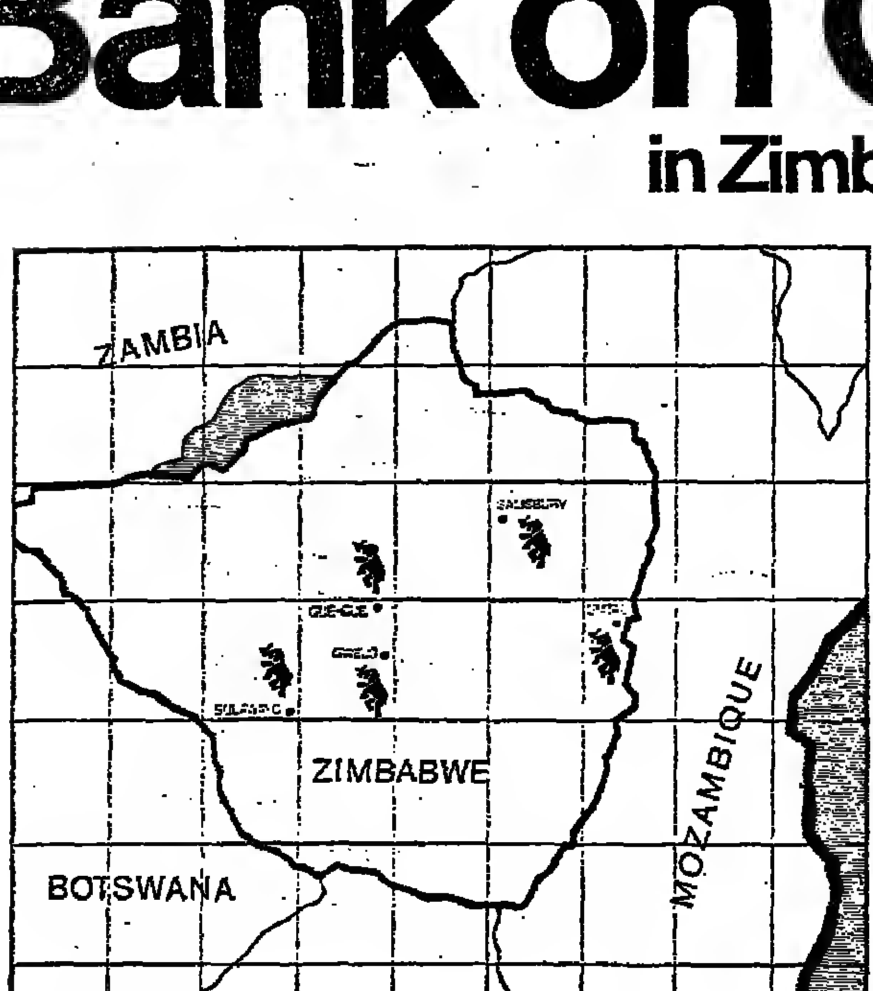
In two other important respects the rural infrastructure has hroken down. The administrative network was based on 241 local councils, staffed by *hlacks with some* powers but ultimately under the authority of the White District Commissioners. *Thus* they became targets for the guerrillas and by the end of the war the overwhel*ming* majority of councils were harely functioning.

For a variety of goods and services — basic foods such as salt, sugar, and cooking oil, and grinding mills — people in the *country* depended on black storekeepers. Before the war there were some 5,000 dotted around the Trust Lands. About two-thirds of them were put out of hnsiness, either attacked by *guerrillas*, or closed hy Government, or because war conditions made trading im*possible*.

As the introduction to the Salvation Army project notes, "*much of* what the rural people have built up over the years lies in ruins: homes, furniture, fences, fields, granaries." New peace has returned. But *for* the villagers of Nyachuru and the *other 3.5m Zimbabweans* in the countryside, it will be a long and costly business before anything like normal life is re-established, let alone a real improvement in their living standards.

Michael Holman

Bank on Grindlays in Zimbabwe



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هكذا من الأصل

Conditions grow worse in Tribal Trust Lands

THE VISITOR who drives nut of Zimbabwe's towns and cities, and travels beyond the white farmland, will discover another country—the 165 Tribal Trust Lands (TTLs) where balf the nation's 7.5m people live under conditions which for the most part have been steadily deteriorating.

While there are exceptions, it is generally a picture of critical land shortage, falling per capita food production, serious soil erosion and overgrazing, growing disease and malnutrition and an increasing number of landless peasants.

The rate of population increase of at least 3.6 per cent a year means that the number of people will double by the end of the century. Although land redistribution, and irrigation of otherwise marginal areas will ease the short-term pressure, Zimbabwe faces an enormous challenge in the provision of schools, jobs and social services.

Some of the populatinn increase will be absorbed by the nrban areas—currently bolding 20 per cent of the population, and likely to increese—but lt is the TTLs which will feel the strain.

It was the rural aresa which bore the brunt of the seven-year war, and elsewbere in this survey is an ecoount nf the damage wrnught: scbonls, hospitals, elinics and cattle dip tanks closed: the spread of animal and buman disease: the impact on agricultural prodnction.

The war, bowever, exacerbated en existing malaise, due primarily to a history of inequitable land policies and neglect which goes back to tbe occupation of the country in the 1890s. In the lest decade of that century some 15m acres of the country's 96m acres of land were expropriated by wbites, "thus establisbing a status qun which subsequent wnuld-be reformers found virtually impossible to disturb," writes the historian, Dr. Robin Palmer.

The subsequent establishment of black "reserves" was nnt initially intended to lay the fnundations of segregation. Rather it was to provlde a secure base for blacks from which a transition could be made to e growing urban economy. But thls was not bow it was to turn out.

The report of tbe Morris Carter Commission in 1925 confirmed their status as black "homelands."

Africans lose

"From all angles the Africans lost as a result of the Morris Carter report," writes Malcolm Rifkind in bis study of land in Rhodesia. "In return for their seven million acres (the reserves) they surrendered —or rather, had removed—tbeir rights to almost 70m other acres: they were permanently excluded from the towns and cities except as temporary rootless labonrers: and thus their future was to be restricted to the reserves and scattered purchase areas without any bomogeneity and with few links between the numerous land holdings."

The policy of land segregation, to be adopted by successive governments, was entrencbed in the 1930 Land Apportionment Act which set aside 9 million hectares as native reserves under communal ownership, and 204m bectares as "European land," with s further 3m becteres set aside for black freebold tenure, known es "netive purcbase areas." The population of Zimbabwe was then nearly 1m Africans and 50,000 wbites.

The legislation went througb a number of amendments, and by 1970, under what had become the Land Tennre Act, Tribal Trust Land covered 16.3m bectares, purcbase lands 1.5m bectares, and Europeen land 15.2m hectares. When tbe Act was repealed in February, 1979, the net effect was to remove the racial restrictions but leave the structure which had built up over the years unchanged.

The allocation of the country between black and white was inequitable in terms of both quantity and quality of the land. Zimbabwe's agro-ecological regions are classified from one to five, with regions one to three suitable for intensive or semi-intenseive use. Categories fnur and five are too arid for cultivation. Ninety per cent of the TTLs fell into reglon four and five, while only 13 per cent and 21 per cent og regions one and two respectively, are Trust Land.

The TTLs suffer from further structural disadvantages. Two-fifths of them are over 50 miles frome arailway, end three-fifths are over 50 miles from any large town.

Inevitably the pressures on land bave bnilt np over the years. In 1962 the Phillips Commission estimated the bnman capacity of the TTLs at 1.68m people. Today they beve a population of 3.5m. A bost statisfics bear witness to the consequences: exhausted land, overgrazed yeld, falling nutput and the emigration of male adults to towns, whicb compounds the problems.

Marketed sales from rural honseholds fell from $23.3m to $20.8m (current prices) between 1974 and 1976. "On s *per capita* basis measured in reel terms," says Zimbabwean economist Dr. Duncan Clarke, "this represents a massive impoverishment of the peasantry."

The position bas deteriorated further during the war years. Ithas been estimated that sn average of 385 lbs of maize (the staple food) per bead is required for basic needs. In 1962 the TTLs prodnced an average of 252 lbs per person but this fell to 231 lb by 1977. In 1978, following a severe drought, production fell to 40 per cent nf TTL needs, and the position is thought to bave worsened last year.

Temporar‑

The pressure nn the land is coming from animals as well as bumans. In 1965 it was estimated that some 50 per cent of all grazing land in the TTLs was either bare or very over grazed. As the African-owned herd increased to a peak of 3.4m in 1977 the position worsened and the lnss of 1m cattle during the war bas provided only a temporary respite. And the land is being further denuded by ebout 1.5m goats and 500,000 sbeep.

Mut desplte the increase of cattle up to 1977, ownership per head bas been falling. In 1960 two-thirds of the people owned at least one bead of cattle, but today the percentage has fallen to under half—which means that more and more peasants are without a draught animal whicb also provides fertiliser for the crops.

The net result bas been steadily increasing poverty, with real incomes falling by 40 per cent between 1948 and 1970, eccording to one study.

Another disquieting development is an increasing number of peasants without any land at all. No national figures are available, but Dr. Weinrich, in her study of African fermers in Rhodesia, writes that in some areas over 40 per cent of the men between the ages of 16 and 30 are landless.

As the conditions in the TTLs have deteriorated, so the composition of the population bas changed. At the last census in 1969 only 17 per cent of the TTL population were adult males, compared to 45 per cent in the towns. "The absence of economically active males from the tribal areas," says one Government economist, "is one of the greatest obstacles to their development."

Yet the TTLs continne to play a role in the Zimbabwe economy which effectilvely contributes to tbeir impoverishment: they subsidise low urban wages and provide a social security system.

The pay of most workers in the cities and towns is too low to allow a man to support his wife and family, wbo remain behind in the Trust Lands. In the urban areas, notes Roger Riddell in a paper on land policy, the poverty datum line wage for family of six is ebout £90 a month—yet half the urban labounr force receives under £45 a month.

Since pension schemes are either inadequate or non-existent at the end of his career —or sbould he lose his job— the workers must expect to return to his "bome" in the countryside. "Thus," writes Riddell, "the TTLs act as a wege supplement for employers."

"Workers are forced to maintain their rural links during the time employment to make up the shortfall in wages. Tt the same time the TTLs act es a continual source of labour aupply because the low level of production in the TTLs acts as a guarantee that workers will continue to seek work outside the TTLs to supplement their desperetely low subsistence agricultural income"—about £10 a month.

Studying

The incoming Government has yet to put forward its proposals for the improvement of the TTLs and is still studying the Integrated Plan for Rural Development published by the previous admiinstration in July 1978.

The plan acknowledges the critical state of the Trust Lands. The first priority, it says, is those areas of highest population and livestock pressure, with lowest per cepita income. These bave been identified and grouped into five intensive rural development areas in which assistance is to be concentrated. The second priority is the encouragement of Trust Lands with high agricultural potential, while the remaining lands fall under a less intensive programme.

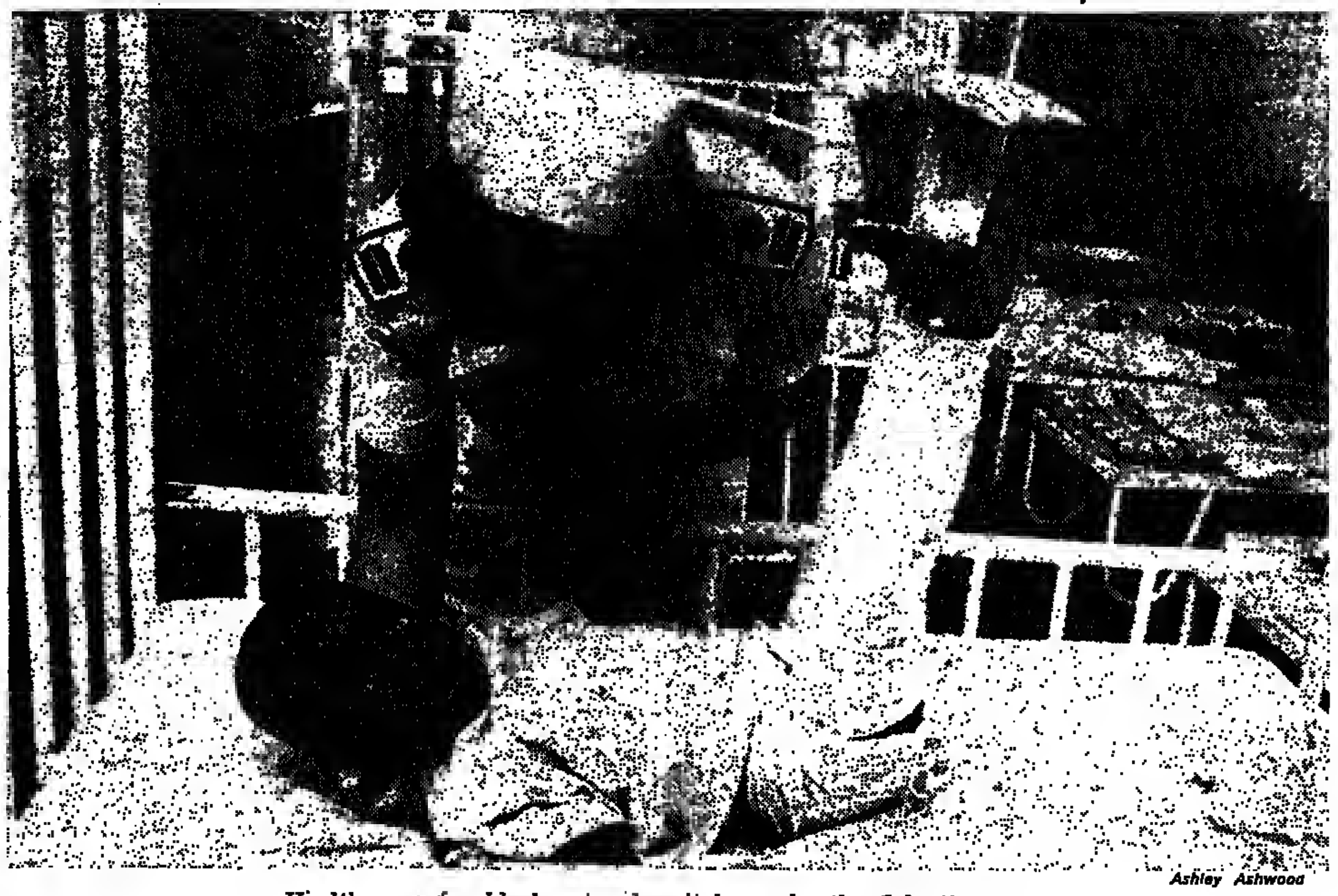
However, some of the assumptions on which the plan is based have already been rejected by the new Government. It rules out, for example, communal farming, but this aproacb has been advocated by the Prime Minister himself and is official Zanu (PF) policy.

What is generally accepted however, is that the Trust Lands are among the most pressing of the tasks the new Government must tackle.

M.H.

Ashley Ashwood

Villagers in the Chiweshe tribal trust land near Salisbury: the Government has yet to put forward proposals for improving their lot



Ashley Ashwood

Health care for blacks at a hospital run by the Salvation Army

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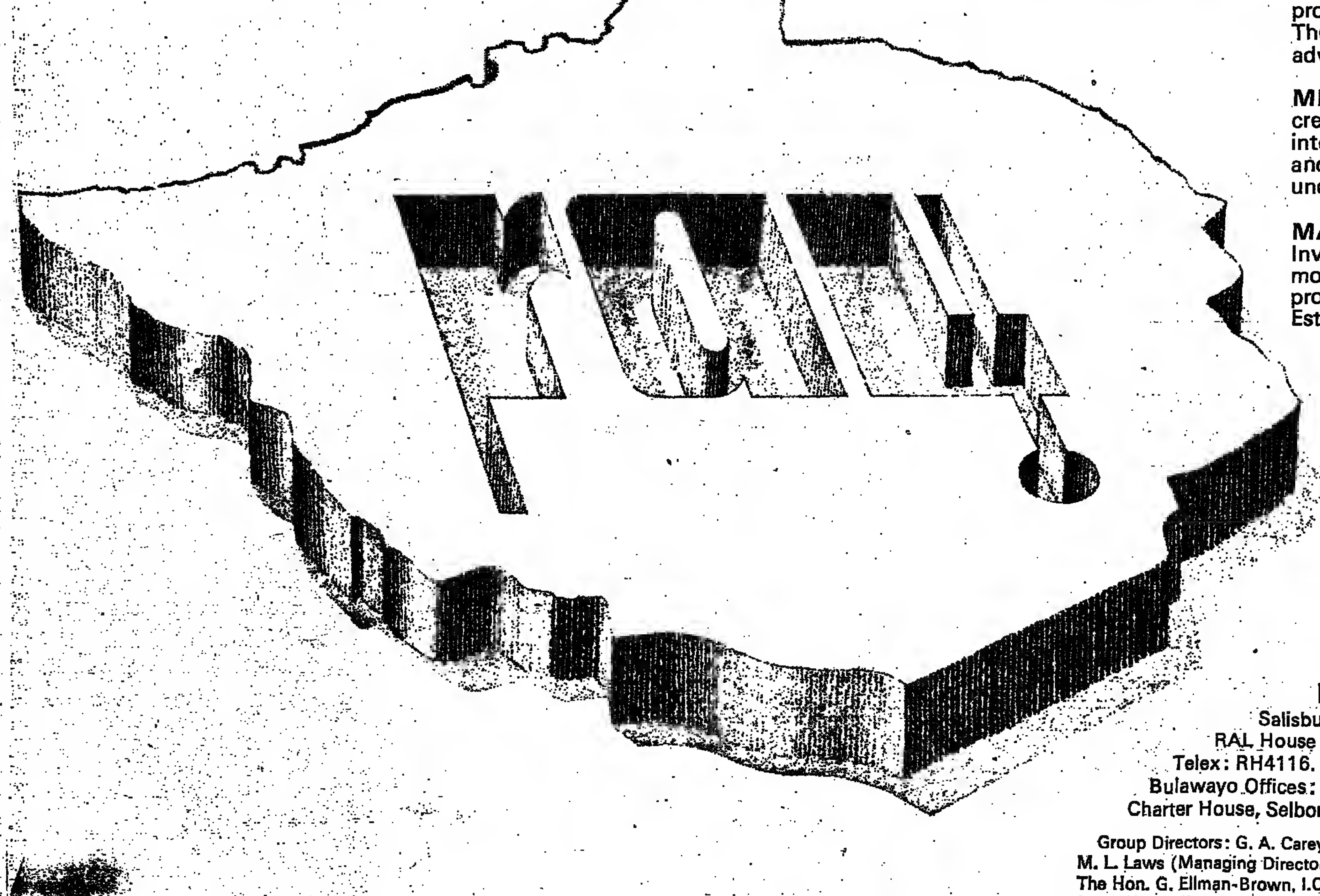

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Mining plays strategic role in economic development

EVEN UNDER economic sanctions, and during the guerrilla war, the Zimhahwe mining industry enjoyed growth that is the envy of many less developed countries. Although mining accounts for only 7½ per cent of Gross Domestic Product and provides work for only 6 per cent of the employed labour force, it can be expected to play a strategic role in the development of the Zimhahwean economy in the 1980s on two major counts.

First, upwards of 90 per cent of output is exported—increasingly either in processed or semi-processed form. Gold is once again the country's leading export as it was in the 1920s and 1930s, with net gold sales last year valued at $78m; asbestos, copper, nickel and ferrochrome are all leading export earners. Direct mineral exports in 1979 were valued at more than $200m (about a third of the total), while the industry also provided raw materials for a further 10 per cent of manufactured goods exports. Thus there are considerable linkages in each direction with the manufacturing sector.

Secondly, assuming no major State intervention in the industry, the mining sector is set to become a field for large-scale international investment during the 1980s. The value of mining output has risen nearly 400 per cent since economic sanctions were imposed in 1965, while the volume of output doubled between 1964 and 1976. Since then it has declined some 10 per cent, though this fall was reversed towards the end of last year and strong expansion is anticipated in the next couple of years.

After growth by value of almost 25 per cent last year the official forecast is that this will increase a further 33 per cent in 1980 to $420m. It is based on the hitherto rather conservative assumption of a gold price of $500 an ounce, which was comfortably exceeded in the first quarter of this year. Indeed, in the first two months of 1980 the value of mining output at more than $73m was 90 per cent higher than in the comparable period last year.

Significant

Although the bulk of the country's mineral production is generated by a handful of mining "majors" — Anglo American Corporation, Rio Tinto, Lonrho, Messina Transvaal, Johannesburg Consolidated Investment, Union Carbide and Turner and Newall—smallworker output is of considerable significance, especially in gold mining. The Ministry of Mines has compiled details of 1,000 dormant gold mines; more than 100 of these have reopened in the last six months alone in response to the sharp rise in the bullion price. Prospecting activity—in the doldrums in the 1977/79 period as the major mining houses and smallworkers pulled out of the field because of the war situation—has revived strongly. In the past three years only 13 new exclusive prospecting orders (EPOs) were taken out to search for new minerals; in the first two months of 1980 the Government dealt with more than 20 applications for EPOs.

It is estimated that in 1980 gold and silver output will be responsible for virtually half the country's mineral production. Growth prospects in gold are largely pinned to the smaller and medium-sized mines, though there is one major gold property being developed at the present time. This is the Renco Gold Mine owned by Rio Tinto. The chairman of Rio Tinto Rhodesia (RTR), Mr. W. V. Rickards, announced this month that the go-ahead to establish a medium-sized gold property at a cost of some $12m only awaited confirmatory drilling of the reef in depth. Renco has a milling rate target of 15 000 tonnes a month and will join Falcon's Dalny Mine as the country's two largest gold producers if events go as planned.

Smaller but still very important projects include Lonrho's development of the Athens Mine, using the carbon-in-pulp process, and the retreatment of mine dumps, the most important of which is the Cam and Motor operation conducted by Rio Tinto. From this dump RTR plans to produce 240 kg of gold in 1980.

At present the Lonrho group is producing more gold than any other mining company, through its directly owned mining operations and also via the Coronation Syndicate Mines—the Mazoe, The Arcturus and the Muriel.

No detailed production figures of Zimbabwean gold output, giving the breakdown by commodity, have been published since 1965, but after gold the important minerals currently in production are asbestos, copper, chrome, nickel and coal. Major expansion in the asbestos industry by the Turner and Newall group has been taking place at Shabani in the midlands in recent years but no output figures have yet been released. However, it is known that a significant expansion in asbestos production will take place in the next two years as a result of recent investment programmes carried out during the sanctions period.

In the copper industry, short-term hopes are pinned to the resumption of capacity output at Lonrho's Inyati Mine, where production was cut by one-third in 1978. As yet no decision has been made to resume full production. Lonrho's Shamrock Mine, also closed because of depressed copper prices, is another expansion possibility but the major prospect for increased output is currently MTD Mangula, which is the country's largest copper producer. First-half profits at Mangula were up 114 per cent before tax in the half-year to March 31 thanks to higher copper prices and increased silver earnings. The group is currently involved in building a 20,000-tonne capacity refinery to produce cathode copper which is due to come into operation next year. Mangula says that compared with previous sales cathodes produced by the refinery will be marketed at a premium and relative earnings per tonne of copper will improve.

Work in progress at the Mazoe gold mine, owned by Coronation Syndicate, a Lonrho subsidiary

In nickel, aside from the producing mines—Madziwa, Trojan and Epoch owned by Anglo American, Empress owned by Rio Tinto and Shangani owned by Johannesburg Consolidated—there is one major prospect on the cards. This is the Hunters Road, in the Midlands, find by Union Corporation, reputed to be the largest and potentially most profitable deposit in the country. It has been suggested by geologists that the Great Dyke which runs through Zimbabwe from north-east to south-west, could possibly contain even greater nickel potential than the 450m tonnes of chrome ore reserves. The entire nickel mining industry in Zimbabwe is a post-sanctions development—no nickel was produced in the country until the late 1960s.

Prospects for the chrome industry are mixed. Chrome production fell in the late 1970s following the repeal of the Byrd amendment which had allowed U.S. importers to buy chrome and ferrochrome from Rhodesia in defiance of UN sanctions. There are two major ferrochrome smelters controlled by Anglo American Corporation, whose Rhodall plant at Gwelo in the Midlands has an annual capacity of 22,000 tonnes of low-grade ferrochrome a year, 2,400 tonnes of ferro-manganese, 36,000 tonnes of ferro-silicon chrome and 50,000 tonnes of high carbon ferrochrome. There are plans to double the high carbon ferrochrome output to 100,000 tonnes annually by 1982. It is a reflection of post-sanctions development in the industry that the entire "A" complex, which can produce 86,000 tonnes annually of high carbon ferrochrome and ferro-silicon chrome, was commissioned after UDI.

Initial U.S. demand for the Zimbabwean ferrochrome following the lifting of sanctions has been good and the material has been given duty-free entry to the EEC. Duty-free entry in the U.S. market is also expected. The industry is hopeful, too, of breaking into Comecon markets with low carbon ferrochrome.

Too weak

But the outlook for selling the ore itself, rather than the processed product, is not encouraging because of the transport cost and distance factor. Furthermore, even with ferrochrome the Rio Tinto Group has said that in its view the market is too weak to resume its small-scale operations at the present time.

There will be very substantial expansion in coal production at Wankie over the next few years to service the new thermal power station there, and scheduled to start operations in 1982. A very substantial investment of more than $100m will be needed to double Wankie's current output from around 3m tonnes a year to 6m. In addition, there are several other major potential coal developments that could be implemented. Plans are in hand for a new mine to be opened up in the Lubumbi area where the Industrial Development Corporation has a major deposit. There are 23 known coalfields in the country, with Rio Tinto having a significant deposit at Sengwa and Rhodesian Oil Products also working on a coal property.

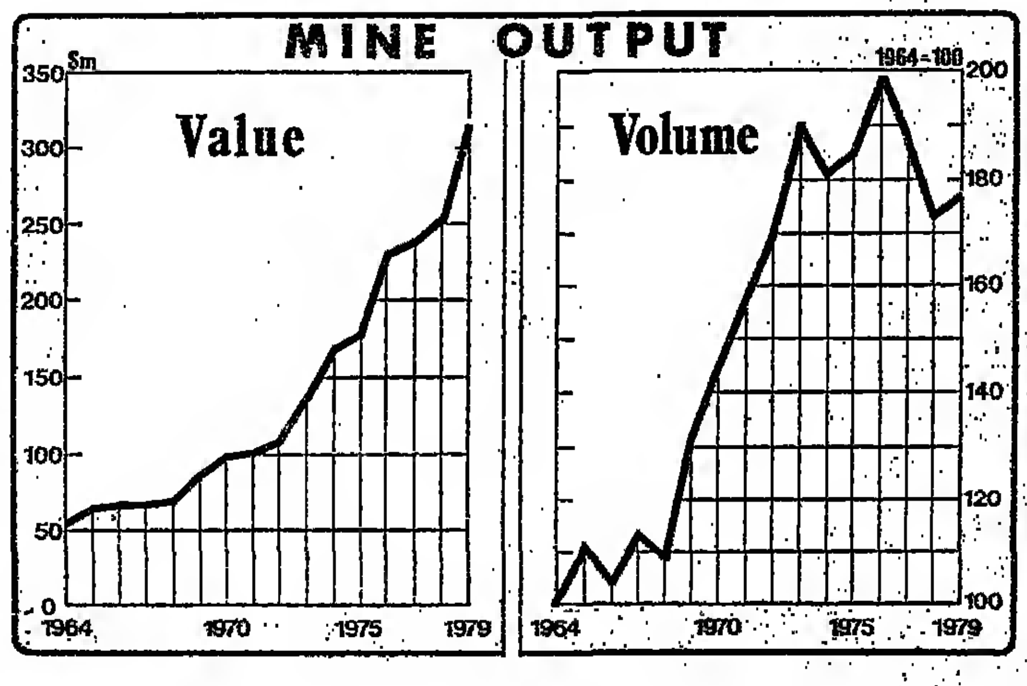
Given the length of time it will take to develop alternative hydro-electric projects, there will clearly have to be major developments in coal-mining to provide thermal power in the latter part of the 1980s. In addition, the possibility of developing a methanol from coal plant to reduce oil imports is under investigation.

Long-run prospects include the possibility of uranium development and more copper finds in the Kariba area. There are plans to start an aerial survey of the area as soon as possible. Rio Tinto has started work on a pilot plant to establish mining methods and prove the proposed treatment process at its Zinca platinum proposition. There is considerable potential too for what are currently minor metals in Zimbabwe—lithium, tin, mica, cobalt and tantalite being prime examples.

The volume of mineral production should pick up strongly this year as dormant gold mines are reworked, as ferrochrome capacity is more fully utilised, as coal production is increased at Wankie and as the extra asbestos capacity becomes operational. But given the long lead time in bringing major mining projects into production (at Zinca it will take two years to prove the platinum process and work on a major mine would only start thereafter, pushing back the commissioning date of a large new mine to the second half of the 1980s), there may well be a slowdown in volume growth in the 1982-85 period, picking up thereafter as major projects come on stream.

Much of this rosy scenario is dependent on three crucial assumptions. The first, and most important, relates to Government policy towards the mining industry. Some of the options outlined in the UNCTAD report prepared for the Patriotic Front would certainly deter new investment by the major mining internationals. The second relates to the availability of skilled manpower. If there is a rapid exodus of skilled whites from the mining industry heading south for the good jobs on offer in South Africa then output targets will not be met. Finally, there is the transport bottleneck which has plagued the industry in the past and could do so again in future, especially if transport links with South Africa are jeopardised in any way.

T.H.



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Industry survives seven years of war

ALTHOUGH THE bush war has undoubtedly taken its toll of the Zimhabwean economy, the physical damage to secondary industry has been minimal. The gross output of the manufacturing sector, valued at an estimated $1,400m for 1979, was in real terms only some 6 per cent below its 1974 peak. The industrial workforce, of approximately 143,000 last year, was only some 7.8 per cent below its previous highest level reached in 1975.

The reason the war has had so little apparent effect upon manufacturing output and employment is that almost 75 per cent of industrial production originates in the two major cities. Although tea factories and sawmills in remote parts of the country were damaged, sometimes extensively, during the seven years of armed conflict, the problems facing the manufacturing sector today are essentially structural rather than the making good of physical damage resulting from the war.

Two factors particularly have exercised a malignant influence over secondary industry, especially during the past five years. These were the acute scarcity of foreign exchange and the serious shortage of skilled manpower. Contrary to popular belief, sanctions have not exerted a crucial influence over industrial growth and development, although by raising the cost of imports and reducing the return from exports, they turned the terms of trade against industry and exacerbated an already acute foreign exchange allocation problem.

Because the war was fought with a largely territorial army, industry's skilled manpower resources were required to double for both security and productive duties. This is generally accepted as having led to some decline in industrial productivity. There is little doubt too that the constant call-up of civilian personnel, particularly during the past two or three years, contributed materially to the high rate of emigration and the permanent loss to the economy of skilled manpower.

Above all, however, it has been the severe shortage of foreign exchange, particularly since 1974, which has had the most detrimental effect upon industrial production and upon manufacturing morale generally. For much of the intervening period, global import allocations to industry were only some 55 per cent of their 1974 levels. For companies whose output was accorded low priority, the reduction in allocations was even more severe. The surprise was that these savage cuts did not produce widespread factory closures and greatly increased unemployment. They did however produce noticeable shortages of many non-essential goods. This has led even such a usually well-informed body as the CBI, apparently, to conclude erroneously that lack of productive capacity rather than the supply of essential imported inputs was the root cause of the deficiency.

The structural problems facing the industry are by no means all on the input side however.

The country's geographical position, its important agricultural and mineral resources and the influence of sanctions have produced a high degree of economic interdependence between secondary and primary sectors. Although manufacturing industry makes the largest single contribution to national income—about 21 per cent of GDP in 1978—it relies heavily upon local agricultural and mineral production for its raw material supplies. It also depends upon these sectors as important markets for its output of foodstuffs and other consumer goods—in which the country is virtually self-sufficient—as well as for an increasing demand for raw materials, such as chemicals and fertilisers and capital equipment, such as agricultural and mining machinery.

Dependent

Thus the health of the manufacturing sector is very much bound up with that of the primary producing sectors. The latter is in turn governed by the level of world demand for their products. Again, the commonly used description of the "closed economy" overlooks the fact that the country is heavily dependent upon international trade to the extent of approximately one quarter of its national income.

As far as future prospects are concerned, the problem of the inadequacy of inputs seems likely to be the more easily resolved. The upturn in world commodity prices since the beginning of 1979 has had its predictable, beneficial effect upon foreign exchange earnings. Industrial import allocations have already risen by almost 60 per cent in 1979. They have been raised by a further 15 per cent for the first six months of the current year. While the increase in real terms is much less dramatic, it is by no means insignificant. This can be judged from reference to changes in the volume of industrial output which, having fallen by 15 per cent over the four years 1975 to 1978, rose by 8.9 per cent in 1979. This expansion has continued strongly into 1980.

Like the allocation situation, the skilled manpower restraints of the war years can also be expected to take a significant turn for the better. The abolition of call-ups for the over 50s and the sharp scaling-down, as the war effort unwinds, of the commitments of other experienced personnel will return a substantial proportion of skilled manpower to full-time production. Production processes to a war-time shortage of skills may well be embarrassed, at least for a while, by having their full complement of skilled manpower available to them for the first time in many years. The embarrassment will be even more acute if they have also been heavily involved in the execution of defence contracts which can now be expected to tail off. The end of the war and the reduction in call-ups should also have some beneficial influence upon the emigration statistics.

The effect of output considerations upon the future course of industrial production is likely to be at one and the same time, more diffuse, less certain and more difficult to assess. Domestic demand should expand significantly as employment increases and wages rise, as activity in the rural areas picks up, as schemes for land settlement are implemented, as mining exploration and development get under way and as the stimulus of higher world market prices for commodities makes itself increasingly felt upon the level of spending by the primary producing and exporting sectors.

Hopeful

In addition to expanding domestic demand, industry is also hopeful that it will be able to take advantage of expanding markets in neighbouring countries for a wide range of domestically produced manufactures now that sanctions have fallen away. The potential importance of markets to the north has been highlighted by the recent Lusaka discussions on the formation of a Southern African common market which will exclude the Republic of South Africa. In this proposed new grouping, Zimhahwe, with its much stronger and diverse industrial base, could expect to play the dominant role. Much interest has also been generated in the possibilities which could result from accession to the Lomé Convention and participation in the Generalised System of Preferences.

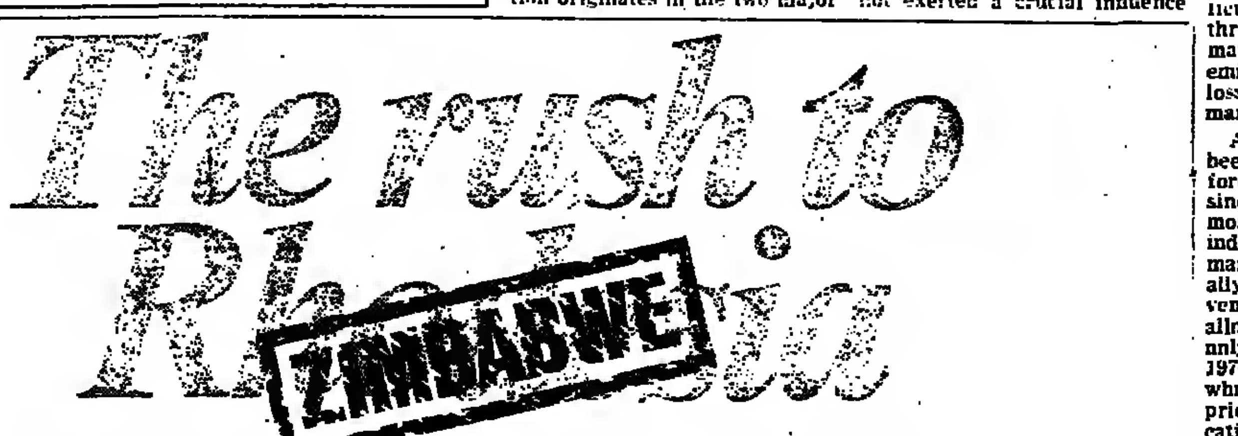
One problem which industry is likely to face in any expansion of productive capacity to meet the increasing needs of both domestic and foreign markets is that of bottlenecks in transportation. There is little doubt that both its own and its neighbours' transport system and ports will have to be expanded significantly if the limited capacity to move Zimbabwe's imports and exports is not to restrict development.

But by far and away the biggest single factor presently governing the future course of industrial output and employment is the state of uncertainty which pervades local manufacturing circles concerning the attitude of the incoming administration towards the future role which it sees for the private sector.

So while secondary industry welcomes the improved economic prospects which the attainment of legal independence is expected to confer, it anxiously awaits the unveiling of the new Government's economic and industrial policies. Until these are known, manufacturers will be unable to judge whether their celebrations will have been premature, or whether they will have marked the beginning of a new phase of expansion and the acceptance of an opportunity, which the already substantial and diversified industrial base provides, for giving a glowing example of development to Africa and the world.

J. A. C. Girdlestone

Mr. Girdlestone is president of the Association of Rhodesian Industry.



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هكذا من الأصل

Sanctions led to dependence on local capital

ZIMBABWE'S FINANCIAL and banking infrastructure has fairly been described as the most sophisticated and developed north of the Limpopo. Its real worth was demonstrated by the system's ability to mobilise domestic savings on a substantial scale during the sanctions period when the country was denied open access to international capital markets and when the subsidiaries of multinational corporations were precluded from drawing funds from their parent companies.

The sanctions process worked both ways, of course, blocking funds within Zimbabwe that constituted a ready pool of liquidity that could be mobilised and exploited by the public sector in particular but also, though to a lesser extent and especially in recent years, by the private sector.

In 1965, net public sector borrowings in the domestic capital market amounted to only $13m, but by 1978 such mobilisation of domestic savings had increased to Z$280m. The figures for 1979, not yet published, were even higher.

The extent of dependence on the local capital market under sanctions is shown in the table.

Reflection

The degree of relative sophistication of the monetary system is reflected also in the ratio of demand deposits to the (narrowly-defined) money supply (MI). In Zimbabwe this is the total of demand deposits and notes and coin in circulation.) The lower the ration of bank money to notes and coin, the less sophisticated and monetised is the economy. In fact, in Zimbabwe last year, demand deposits accounted for almost 77 per cent of MI. This is far nearer the kind of pattern one expects to find in a modern industrialised economy than in a less developed one.

This picture is evident too from both the number and range of banks and near-bank institutions operating in the economy. At the centre of the Zimbahwean structure stands the Reserve Bank of Zimbabwe, which fulfills the normal central banking role.

Next in line in money market linkages come the two discount houses (BARD—formerly the British and Rhodesian Discount House) and the Discount Company of Rhodesia. Both have close links with the London discount market, modelling their operations as far as possible on the London pattern. There are four commercial banks—the Standard, Barclays Bank International, Grindlays and Rhobank. Rhobank is the majority-controlled subsidiary of Nedbank in South Africa.

Two of the commercial banks—Standard and Rhobank—have their own merchant banking arms and in addition there are two older merchant banks, namely RAL (formerly Rhodesian Acceptances), controlled by the Anglo American group and the Merchant Bank of Central Africa whose shareholders include Rothschilds and Hill Samuel.

To these must be added a range of non-bank financial institutions operating in the purchase and leasing field. Both Rhobank and the Standard have their own financial institutions (Scotrho and Standard Finance) but UDC (United Dominions Corporation), controlled by a UK parent, is a major force in this market too.

There are three building societies with total assets at the end of last year of $526m and the State-owned Post Office Savings Bank provides a home for the small saver who earns tax-free interest on his savings or fixed deposits.

Market shares vary with seasonal and cyclical factors to some extent, but taking total deposits of the commercial banking system as a yardstick, the Standard is comfortably the largest bank (44 per cent), followed by Barclays (34.5 per cent), Rhobank (15 per cent) and Grindlays (6.5 per cent).

DEPENDENCE ON LOCAL CAPITAL

Period	Net Borrowing From Abroad	Gross Fixed Capital Formation	Ratio Financed Domestically
	$m	$m	per cent
1966-70	71	765	91
1970-75	268	1,066	84
1976-78	25	1,100	98

But on a total banking sector basis, the Standard's share in 1978-79 was 37 per cent followed by Barclays with 25 per cent and Rhobank with 17 per cent. Grindlays had 6 per cent and the two merchant banks (RAL and MBCA) had between 5 per cent and 6 per cent each. UDC had some 3 per cent of the total financial sector market.

At the present time, the entire banking sector is awash with liquidity. All commercial banks are much underlent. They are required to hold liquid asset ratios of 35 per cent, but throughout the system liquidity is well above this level, though a significant increase in lending and tightening of liqidity is anticipated towards the end of this year and in 1981. For the time being though, bank profitability is adversely affected by the extent of underlending.

A further indication of the growth of the system was the publication earlier this month of the first assets and liabilities statement from the Reserve Bank of Zimbabwe since November 1965. This showed that total balance sheet values had risen from $67m in 1965 to more than $400m. The country's gold and foreign exchange reserves were valued at $198.5m as against $47m in 1965. The country's gold holding was $42m ($7m in 1965).

There have been very few changes in the interest rate structure. Bank Rate set at 4.5 per cent before UDI, still remains at that level. The rate on Treasury Bills has fluctuated very narrowly between 3.5 per cent and 4 per cent in the last 15 years. The rate on short term Government Stock (three years) is 4.9 per cent while at the long-term end of the market the rate on 25-year Government paper is 8.9 per cent.

At the long end of the market, interest rates will rise over the next 18 months, reflecting a higher inflation rate (now well into double figures), increased demand for funds at all levels, a substantially enhanced public sector borrowing requirement (to finance the development programme and also the heavy anticipated budget deficit) and some reduction in the supply of domestic financial resources as there is a phased release of blocked funds.

Analysts believe that in addition to paying higher interest rates on long-term stock, the Government may also have to increase the holdings of Government and near-Government stock of the main institutional investors—the insurance companies and the pension funds.

Active

The Zimbabwe stock exchange has enjoyed very active trading conditions and a prolonged bull market since late 1978. At present, industrial share prices at 386 on the Index (January 1967=100) are only fractionally below their record peak of 395 recorded just before Christmas last year. The market took a very brief knock from Mr. Mugabe's election victory—with prices falling 10 per cent on the results to a low for the year, but at current levels, industrial shares were some 13 per cent higher in mid-April than at the time of the announcement of the Zanu (PF) victory at the polls.

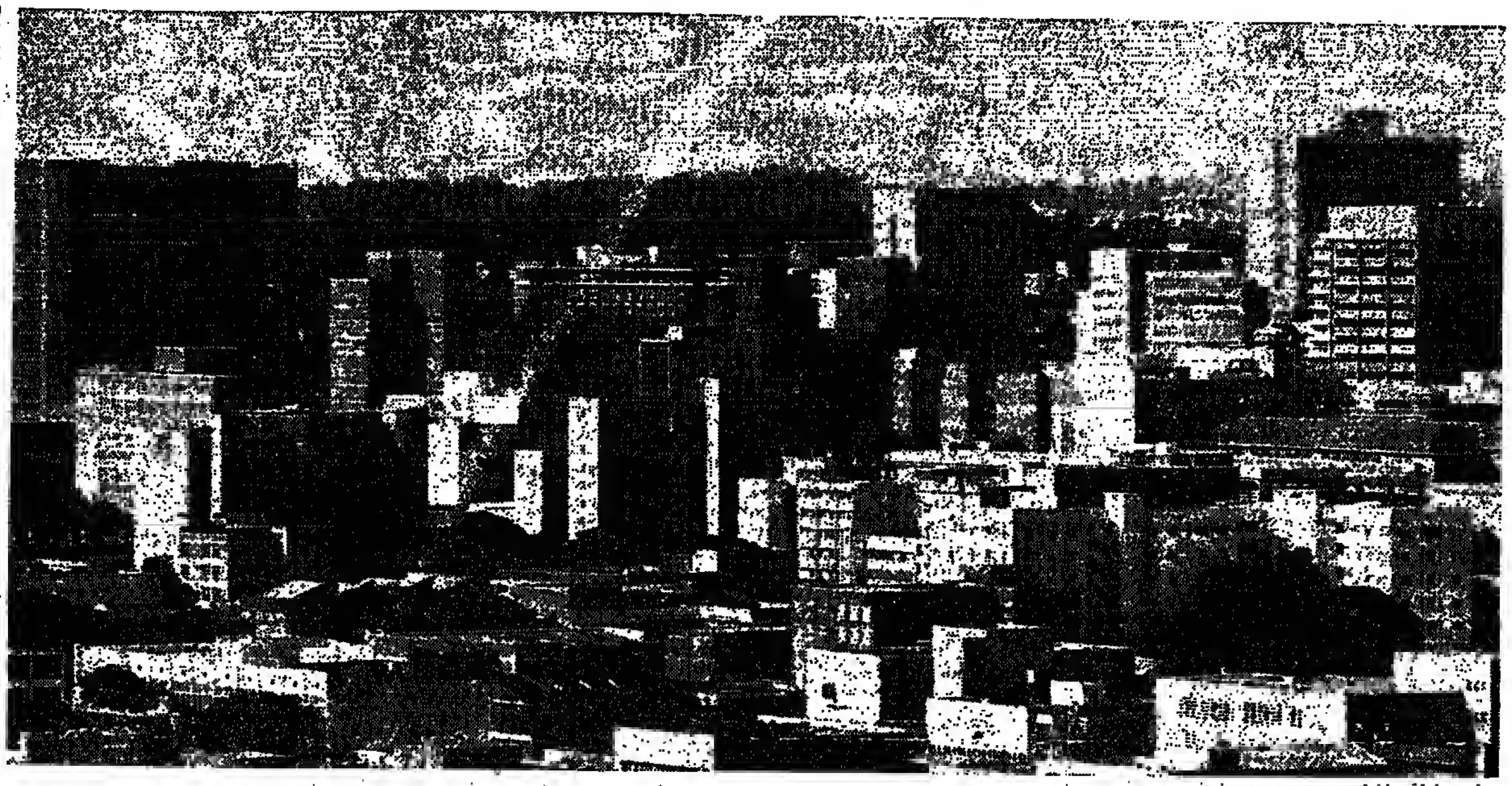
Since the market bottomed out in mid-1978 at 189 on the Industrials Index, share prices have more than doubled. On the Mining Index, the improvement in prices has been even more dramatic—from a 1979 low of 94 to a peak this year of 275—a rise of almost 200 per cent in 15 months.

In part, this is explained by the surge in corporate earnings, particularly in the minings where the nickel, gold and copper stocks have benefited from sharply higher metal prices. In part, the bull market reflects political relief and optimism at the end of the war and the lifting of economic sanctions and in part, it is a measure of the relative scarcity of investment opportunities, for institutional investors in particular, which has pushed prices rather higher than seems realistic.

The average yield on a Zimbabwe equity today (no tax is paid on dividend income in the hands of shareholders) is 5.5 per cent. This is roughly half the rate of inflation and some analysts believe that prices have been pushed too far too fast and that a period of consolidation is necessary to allow dividend yields to advance.

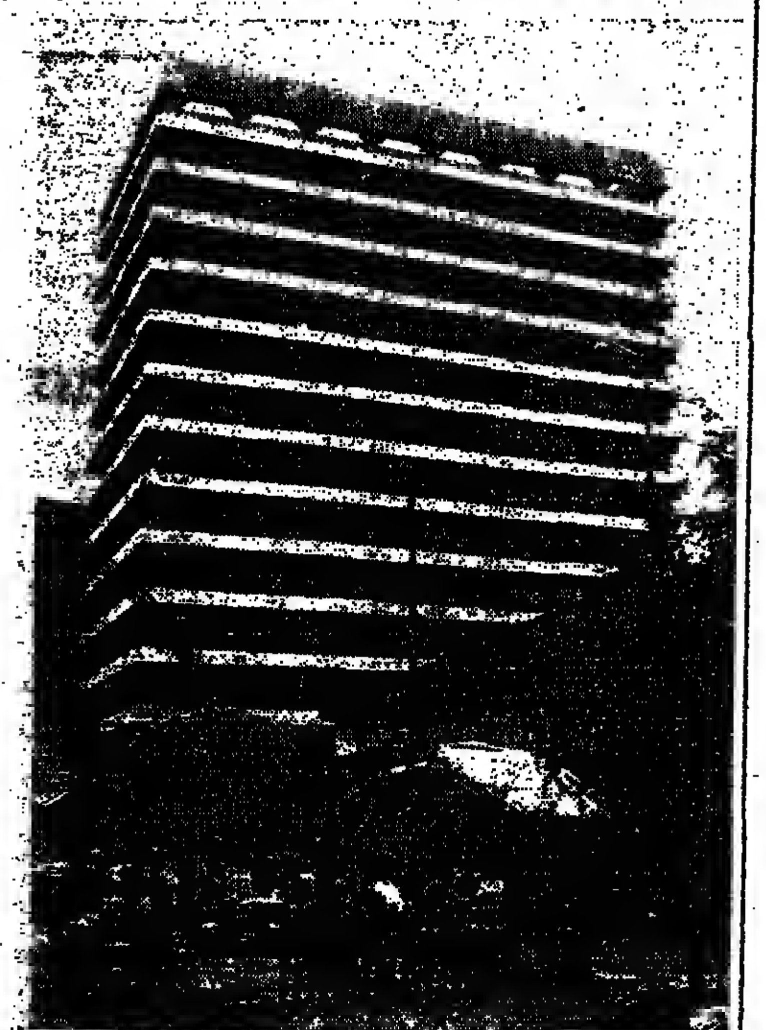
Stock Exchange turnover in 1979 was valued at nearly $71m—134 per cent higher than in 1978. In the first quarter of 1980, turnover again rose steeply from $11.5m in the first quarter of 1979 to nearly $23m—almost a 100 per cent increase.

T.H.



Ashley Ashwood

Part of Salisbury's business centre



Ashley Ashwood

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The Delta generation has been working a long time for today

Africanisation—the most sensitive manpower issue

AFRICANISATION IS almost a dirty word in Zimbabwe. Everyone it seems, wants to call the concept something else. Localisation and Zimbabweanisation are popular alternatives, the former among the business community, the latter among black nationalist circles, both are suitably deracialised terms. African advancement, or black advancement, are further variations on the theme which do carry the racial connotation but somehow do not imply the complete process of transformation which the other terms suggest. Yet in the end the theme is the same.

"The real pressure in the next few years, whether the Government will admit it or not, is going to be for Africanisation, in the meaning of blackenisation." Says Professor Marshall Murphree, director of the Centre for Inter-racial Studies at the University of Rhodesia. In a country where both the public service and all the heights of the economy have been dominated, controlled and almost exclusively occupied by whites hitherto, a drastic process of Africanisation is both politically, and practically, inevitable. The question is at what pace the process can and should happen, what problems it will present, and how far it should go, rather than whether it will happen.

Wildcat strikes

The new Government of Mr. Robert Mugabe faces possibly its most urgent and difficult problems on the manpower front—among which Africanisation is simply the most sensitive It was no coincidence that within days of Mr. Mugabe's election victory, the country was swept by a wave of wildcat industrial strikes. It is among wage-earners—in many ways the country's black elite—that heightened aspirations are most acutely felt. Against a background of real incomes eroded by the escalating war, and inexorably rising unemployment as the economy has failed to keep pace with population growth, Mr. Mugabe's electors' top priorities are for more and better jobs, and more wages.

Mr. Mugabe has to reconcile those demands with a potentially critical shortage of skilled workers, caused both by a traditional lack of training for the majority black population and the continual net emigration of whites, which could at any time be hugely aggravated by a mass exodus. On the one hand he must actively pursue a policy which will give his own supporters, the majority black population, a much larger slice of the economic cake, while on the other he must do so in a way which does not jeopardise the whole cake by frightening off the existing (white) skills before before the future (black) skills have been developed.

First priority for the Government must be the creation of more jobs. Despite the lack of accurate official statistics there is a concesus that the level of unemployment and underemployment has risen steadily in recent years. According to one conservative estimate the number of potential male work-seekers is rising at a rate of more than 50.000 a year, whereas new jobs have been created at a rate of little more than 20,000 a year in recent years. The result has been growing pressure on the impoverished subsistence sector of the economy in the so-called tribal trust lands, greatly aggravated by the dislocation and refugee flows caused by the guerilla war.

Yet the bald aim of maximum job creation faces an immediate conflict with the target of raising black wages. "The impact of any employment policy will be lessened if it is accompanied by significant increases in wages," says Dr. Tim Muzondo, economics lecturer and vice-chairman of the Manpower Development and Training Authority. But the general level of black wages is unacceptably low for a professedly egalitarian black Government, which has promised to review the country's whole wage structure.

A majority of wage earners still earn below poverty wages, as calculated by the poverty datum line(PDL)—an academic exercie which assumes optimal spending plans by impoverished families and therefore probably overstates their ability to survive on low wages. The PDL for a standard African family of six in an urban area in 1979 was around \$115 a month compared with average industrial wages of between \$60 and \$75.

One way in which the Government can hope to reconcile the conflict is by black advancement to more skilled jobs. The ideal answer would be not only to answer black aspirations for a better living standard but do so in return for higher productivity, while at the same time helping to resolve the skills bottleneck and allow faster economic growth, creating more unskilled jobs at the bottom of the ladder.

Zimbabwe at independence certainly enjoys a much larger pool of skills than did other African countries when they cut their colonial ties. At graduate level there have been over 1,000 black graduates from the University of Rhodesia over the past 20 years, while the Commonwealth Secretariat has estimated that a further 6,000 to 8,000 students have completed or are undergoing higher education courses outside the country. But the Zimbabwean economy is considerably more sophisticated than were those of other African countries at independence, and the demand for skills will therefore be all the greater. Moreover, the frustration of black ambitions in most key economic areas, and in the public service, has meant that black skills are generally concentrated in other areas such as education or exile.

EMPLOYMENT
('000)

Year	Numbers
1965	748
1970	853
1971	891
1972	953
1973	997
1974	1,040
1975	1,052
1976	1,037
1977	1,015
1978	990
1979 (est)	1,000

The most obvious area for African advancement is the public service. It is the only area over which the Government has direct control and is the area where the least black advancement occurred during the UDI years. It is also the area where pressure is likely to be greatest, because jobs in the public service tend to have high real or political visibility, according to Professor Murphree. The new Zimbabwe constitution also provides for "suitable representation of the various elements of the population" in the public service.

Although recruitment for the public service was theoretically non-racial under the former Rhodesian Front Government, in practice it excluded Africans from all but technical grades such as teachers, doctors and nurses. In 1974 only 5 per cent of all established posts were held by blacks. By 1978 there had been some improvement: 11 per cent of the 13,640 established posts were filled by Africans and 14 per cent of non-established posts (artisans, junior clerical workers and typists). Today, although the Public Service Commission (PSC) refuses to give exact figures, it says that some 2,900 of established posts have African incumbents.

Nevertheless an increasing number of teachers, among whom Africans are relatively well represented, have been included in the figures, and outside the Education and Health Ministries, African advancement remains minimal. "If we are going to cope with African advancement, training has got to be stepped up sevenfold," says Mr. Stan Newman, secretary of the PSC.

The position in the upper echelons of private enterprise is not a great deal better. One top African executive estimates that there are perhaps only three blacks enjoying genuine responsibility at board level in white-controlled companies. Promotion has tended to be restricted to the fields of advertising, marketing and personnel management, where line management functions are kept to a minimum. Africanisation has only been significant in the largest companies, banks and stores, and even then individual companies tend to label rival efforts as mere "window-dressing."

At artisan level there has been a notable acceleration in the intake of African apprentices from a negligible level. The proportion has risen from less than 2 per cent in 1970 to an estimated 21 per cent 249 out of 1,178) in 1979. The largest trainers of apprentices—the railways; the iron and steel corporation RISCO, and the Anglo American mining house—are already training a majority of black apprentices. But as private enterprise spokesmen finally admit, progress has been "too little, too late."

What progress there has been, both in the public and private sectors, has been more a response to the shortage of skilled white manpower than a recognition of the political imperative of black advancement. All companies report an "extreme shortage" of white graduates, and "critical shortages" of white artisans. Thus although the Ministry of Commerce and Industry reflects the civil service-wide proportion of only 20 per cent of its established posts held by blacks, more than 90 per cent of its graduate intake is now black. At the Standard Bank, the country's largest, 86 per cent of salaried staff in 1976 were white. By the end of 1979 50 per cent of male staff and 35 per cent of the female staff, were black. "We couldn't get young whites," said a bank executive.

Still a shortfall

Mr. Mugabe's election victory has brought a sudden realisation that the whole process of black advancement will have to be drastically accelerated, even though the new Prime Minister has stressed his desire to retain white skills. The level of likely white emigration, and therefore the pace of essential African advancement, remains an unknown—although the dire predictions of an instant exodus have not been borne out. But any pick-up in the economy in the wake of the lifting of sanctions will rapidly run into a skills shortage at all events.

Commuters board the City bus to travel into Salisbury

Ashley Ashwood

Some progress has already been made in creating routes to artisan status other than the traditional white - dominated five-year apprenticeship system. Agreements have been reached in both the mining and motor industries to allow modular training of semi-skilled workers in individual artisan skills. The system has been formally recommended by the Government's Manpower Development and Training Authority (MANDATA), although as a complement to apprenticeship, rather than a replacement. The idea is to provide black workers who may lack the necessary formal education qualifications for apprenticeship with a more extended but immediately usable path to artisan status. While the system means deliberate job fragmentation, it does provide black workers with a means of advancement, and management with a new pool of skills.

A further limitation on training skilled workers is the number of places available at the country's two technical colleges in Salisbury and Bulawayo; the establishment of a series of skill centres providing the crash two-week training courses demanded by modular training is recommended by MANDATA. A shortage of trainers is a further problem aggravated to some extent by racial attitudes of potential white trainers towards black advancement.

White workers' resistance to black advancement has traditionally been stressed by private enterprise as an excuse for their lack of progress, and some employers maintain that an instant reversal of the proportions of apprenticeship training would cause a white backlash. However, those companies which are already training a majority of blacks as artisans report no serious problems. "Our view is that good race relations do not depend on proportions, but on the way management handles the transition." Professor Murphree says. "It isn't racial balance per se but management skill in effecting the change."

At Anglo American, for example, a decision to accelerate the training of young black supervisors resulted in three new training courses. One was for the young blacks, one was to train white supervisors in better race relations, and one was for the traditional older black supervisors to accept the young men as their equals.

Committed

"The whole thing hinges on top management and whether they have enlightened self-interest" according to Mr. Enos Chiura, group manpower director for the Delta organisation, the country's largest quoted industrial group, with major brewing and retail interests. "Our top management was committed to bringing in blacks. We had to balance the shotgun approach and the participatory approach. ... In certain areas Europeans left. We lost quite a lot of people. But even if all the Europeans left tomorrow, we could now go on brewing."

Two problems are cited for lack of progress in black advancement into management positions. One is the shortage of technical skills among blacks and the other is lack of experience. The former is a product both of limited education opportunities and poor prospects for the use of such skills in a white dominated economy.

Thus between 1968-72 75 per cent of African graduates from the University of Rhodesia went into education or teaching, compared with three per cent each into Government service and private enterprise. By 1978 the change in recruitment patterns was already considerable. Only 30 per cent went into teaching and 35 per cent into government or private enterprise. But admission for 1979 show a continuing bias towards arts and social science studied: 142 black students opted for social studies, 74 for education and 59 for arts subjects, compared with 40 for pure science, 11 for medicine, and six for engineering.

Lack of administrative and management experience is obviously a problem for Zimbabwe—and one which Mr. Mugabe is apparently conscious of in his desire not to precipitate a white exodus. But the traditional slow process of civil service advancement, as well as the conservative promotion policies of Rhodesian employers, will nevertheless have to be short-circuited if there is to be appreciable African advancement at higher levels of management.

Most studies of manpower demand and supply for an independent Zimbabwe have assumed a major loss of white skills. A manpower survey carried out last year for the Commonwealth Secretariat assumed a best case scenario of a 50 per cent loss of white skills and a worst case of 100 per cent loss. On the former assumption there was an immediate training need for 8,800 professional and technical workers, 3,200 administrative and managerial and almost 22,000 clerical workers. On the worst assumptions there would be a need for 17,000 professional and technical grades, 6,300 administrative and managerial and more than 43,000 clerical grades. The other major area of potential shortage would be for transport and production workers, with a training need for 15,750 on the best assumption and 30,250 on the worst.

Even without an exodus of whites on anything like that scale, the age structure of white skills indicates an urgent training need. A disproportionate number of civil servants are approaching retirement age in the next two years—those who emigrated to Rhodesia from Britain after World War II. The same is true of white artisans. Many are in their 50s, and although less likely to emigrate to a new life they tend to be very mobile between jobs. There is a big skills gap in the 30 to 40 age group, where whites have already emigrated in recent years.

Thus despite its relatively rich inheritance, Zimbabwe faces a major training programme both to keep the economy functioning at its present level and to allow for renewed expansion. In the short term some employment of expatriates seems inevitable, but in the longer term there is a general agreement among both blacks and whites that a policy of Zimbabweanisation is preferable to one of pure Africanisation.

Q.P.

Heavy investment needed to step up electricity output

ALTHOUGH ZIMBABWE is well-endowed with energy potential, it faces a critical period over the next few years when very heavy investment will be needed to rid the country of its dependence on imported electricity. At present Zimbabwe is importing some 300 MW of electric power from Zambia's Kariba North complex at an estimated annual cost of some \$24m. The Kariba South complex has a capacity of 600 MW and existing thermal capacity provides up to another 300 MW, but with total consumption estimated at more than 1,200 MW there is a shortfall that has been made good in recent years by importing from Zambia despite the very strained political relations between the two countries.

The immediate energy goal is the completion of Stage One of the Wankie thermal power station, where work started in the early 1970s but was brought to a halt as a result of the disclosure of sanctions-evasion secrets. Wankie Stage One, which is due to start coming into operation in 1982 when the first two sets of generators will be commissioned, will provide 480 MW at a cost of some \$180m, nearly two-thirds of which will absorb foreign exchange. Stage Two, which is shortly going out to tender, will add at least a further 800 MW and possibly some 1,100 MW at a cost in excess of \$300m, bringing the total expenditure on thermal power in the first half of the 1980s to a minimum \$600m after allowing for escalating costs.

Despite this very heavy expenditure on new power facilities, the two Wankie stations will give only "a breather" while steps are taken to replace the Bulawayo, Salisbury and Umniati power stations which will be progressively shut down—particularly where the plant in use is more than 25 years old. By the mid-1930s Zimbabwe would be totally reliant on its Kariba electricity and imports from Zambia if it did not go ahead with the Wankie development. On current demand estimates electricity consumption will double between 1980 and 1987 reaching 3,000MW by 1990.

This means that even if both stages of Wankie are fully operational by 1987 there would still be an electricity shortfall of some 500MW. If however, the size of Wankie Two is raised, however, much of this shortfall could be eliminated.

In addition to Wankie there are other thermal power possibilities utilising the abundant coal resources available, but plans are already on the drawing board for four further hydro-electric power projects on the Zambezi. These include an extension to the existing Kariba South complex which would take eight years to bring into operation at a cost originally estimated at \$105m and now likely to be significantly more; the construction of a hydro plant at Mpata George on the Zambesi in co-operation with Zambia at a cost of \$475m and taking nine years to bring into operation; a still larger project at Devil's Gorge taking 12 years to commission and costing nearly \$700m and finally at a cost of \$650m a project at Batoka's Gorge come into operation after 14 years.

Given the lead time to bring the hydro-electric projects into operation—a minimum of 8 years—and the projected 10 per cent annual growth rate of consumption, it is clearly vital that both stages of Wankie should be commissioned as soon as possible. Wankie One is already far too late to qualify for aid funding and will have to be financed by a combination of local and foreign borrowings and supplier credits, which at current interest rates will prove very expensive.

In the 5-year Public Sector Investment Programme published by the Transitional Government 15 months ago, expenditure on electric power was put at nearly \$900m (at 1977 prices now well overtaken by inflation) or 26 per cent of total public sector spending over the proposed 5-year planning period. These figures underline the priority given to additional power resources by previous governments.

In addition to very large-scale projects to provide electric power, there have been important developments on a far smaller scale to reduce in some degree dependence on imported fuels. Earlier this month the first ethanol plant in Africa, built by the Triangle group in the Zimbabwean lowveld, came on stream. The plant, which uses sugar as feedstock, will reduce petrol imports by an estimated \$12m this year and save around \$3m in foreign exchange after allowing for the loss in foreign exchange from sugar. Mixed with petrol the ethanol will cover 15 per cent of the country's petrol consumption. The plant, which will produce 40m litres a year, cost only \$4m and was completed both ahead of schedule and below budget.

Plans exist to build a second ethanol plant which would bring the ethanol content in petrol to 20 per cent—the effective maximum—but these are under review following the recent steep rise in the sugar price.

Longer term projects to reduce dependence on imported oil—the cost to Zimbabwe doubled last year—include the possibility of a methanol-from-coal plant. But the capital cost, reckoned in excess of \$400m, could block this development. At a more mundane level Zimbabwean engineers have been beavering away in the past two years on plans to reduce farm tractor consumption of imported diesel fuel by using various "green petrols," the most promising of which appears to be sunflower oil which can be used to power tractors.

T.H.

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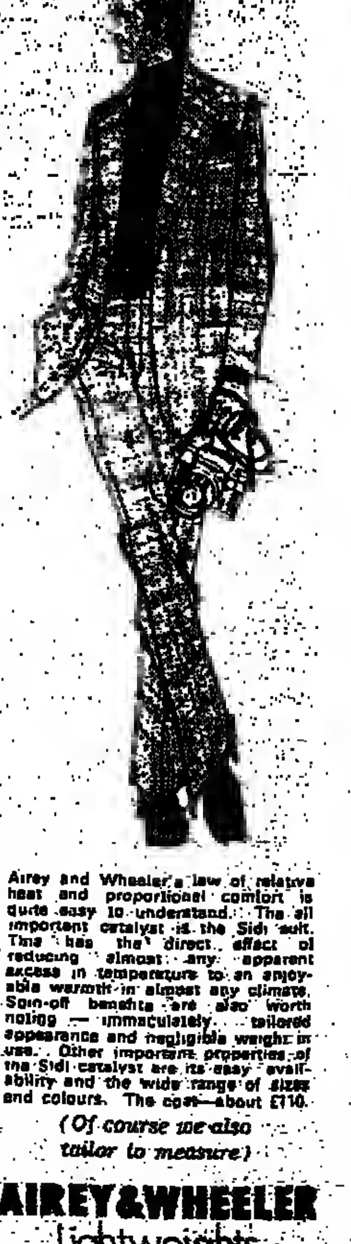
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Country will still depend on S. African routes

ALTHOUGH transport links with Mozambique are being restored and the railway line from Umtali to Beira is open once again after the four-year border closure, Zimbabwe will be very heavily dependent on South African railways and ports for the foreseeable future.

Prior to the closure of the Mozambique border in March, 1976, nearly two-thirds of Zimbabwe's rail traffic to the ports was using either the Beira or the Maputo lines, with the latter being far the more important because of its sugar terminal, its mineral wharf, its bulk handling facilities for metals and its capacity to take larger craft than Beira.

The closure of the border forced all rail export and import traffic for Zimbabwe on to the two routes to South Africa—the Rutenga line via Beit Bridge and the line through Botswana to the South African ports.

Both lines, but especially the Rutenga link were the subject of frequent guerrilla harassment in the last two years of the war, though when the railway linking Zimbabwe and Zambia was reopened in October 1978 in response to Zambian requests to move her copper out and vital fertiliser and food imports in, attacks on the line through Botswana were redneed aince mucb of the traffic on this link was for Zambia.

With the ending of bostilities in December, the Beira line has been reopened but it is currently handling only 1,000 tonnes of traffic a day in both directions. So far, this line has been used only to ferry Wankie coal exports tn Mozambique for use by the Mozambique Railways. Salisbury is anxious to use the line as much as possible for a variety of exports, thougb not the bulk traffics, and in particular to import oil.

There would be very suhstntial savings if oil could be imported, in suhstantial volume, by rail from Beira rather than using the longer-haul routes to South Africa. The iptimum solution would be the re-opening of the oil pipeline from Beira to Feruka refinery near Umtali, but it is estimated that this will not be possible until next year mainly because of maintenance and refitting problems at the refinery.

PORT DISTANCES BY RAIL	
Salisbury to Beira via Umtali	592 km
Salisbury to Maputo via Malvernia	1,269 km
Salisbury to Durban via Beit Bridge	1,921 km
Salisbury to East London via Beit Bridge	2,121 km
Salisbury to Cape Town via Beit Bridge	2,521 km
Salisbury to Cape Town via Botswana	2,661 km

Although Beira is hy far the nearest port to the main Zimhabwean industrial centres, it suffers from three major drawhacks. First, the port itself can only take cargo vessels up to 20,000 tonnes or 25,000 tonnes. Second, it lacks hulk-handling facilities. Third, the Salisbury-Umtali-Beira railway is unahle to handle anything like the tonnages that will he moved along the line to Maputo in Southern Mozanhique once rail communications are restored.

In addition, relative to the South African ports used by Zimbahwe — Cape Town, Port Elizaheth, East London, and Durban—both Mozamhique ports suffer from two critical disadvantages.

The first relates to the fact that the major container vessels are not yet calling at Beira and Maputo wbicb is an important drawhack.

The second snag is the critical shortage of skilled railway and port personnel in Mozambique. These two problems could mean that even after full resumption of railway links with Maputo, it will still be necessary for a very bigb proportion fo Zimhabwean exports and imports to use the longer and more costly South African routes.

The Maputo line was severely damaged during the war and Salisbury officials say they do not expect a resumption of full scale taraffic through Maputo until early 1981, although the official Mozambique estimate is thatt he line should be ready for bnsiness by Novemher. Zimbabwe Railways' engineers would need to do about three months work on the Zimbabwe side of the border where the line was torn np during the bostilities.

Bottlenecks

In theory, once the Maputo line is repaired and assuming full capacity working at the port of Maputo, it should he possible to move almost all Zimbabwe's external traffic (at current levela anyway) through the Mozambique ports. In practice, bowever, this looks to he a long way away, cbiefly hecauae of the anticipated bottlenecks on the Mozambique side.

This is not to suggest that Zimbabwe is without prohlems. One immediate issue is tbe 2,800 rail wagons and coaches that were trapped inside Mozambique wben the border was closed fonr years ago. Negotiations for tbe release of this rolling stock and some locomotives have beeo under way for some weeks now but Salisbury is still awaiting a firm delivery commitments from Maputo although the Mozambique Government has apparently agreed in principle to return the rolling stock. It is thought that repairs and maintenance oft he wagons will take a considerable time and involve a high cest ooce they are returned.

However, because there will not be a large maize crop to move this year and no large-scale maize exports from Zimbabwe following a mediocre agricultural season, the rolling atock position should not reach the critical levels it did in the middle-1970s when 500,000 tonnes of maize a year was being exported via the South African ports.

Zimbabwe Railways are committed to a major re-equipment and development programme costing nearl $200m (at outdated 1977 prices) and involving a foreign exchange cost of $80m. The largest single item in the development programme, to be pbased over five years, is tbe electrification of the two main export/import routes—the line from Salisbury via the idlands to Malvernia and then to Maputo and the line from Salisbury via Rutenga to Beit Bridge and direct access to the Soutb African ports.

Other major items of expenditure in the programme include track improvements and the purchase of extra locomotives and rolling stock. On the railways' own estimates the total net tonnage moved, which had fallen from 12.5m in the 1976-77 period to 11.6m in 1978-79, will increase nearly 5 per cent over the next five years.

Transit tonnage moved is estimated at 1m in five years time out of a total tonnage of 18.7m, implying that the transit share would be only 5 per cent, whicb looks to be on the low side given the strong liklihood of increased usage of Zimhabwe railways by both Zaire and Zambia for copper exports and for essential food and other imports either Africa.

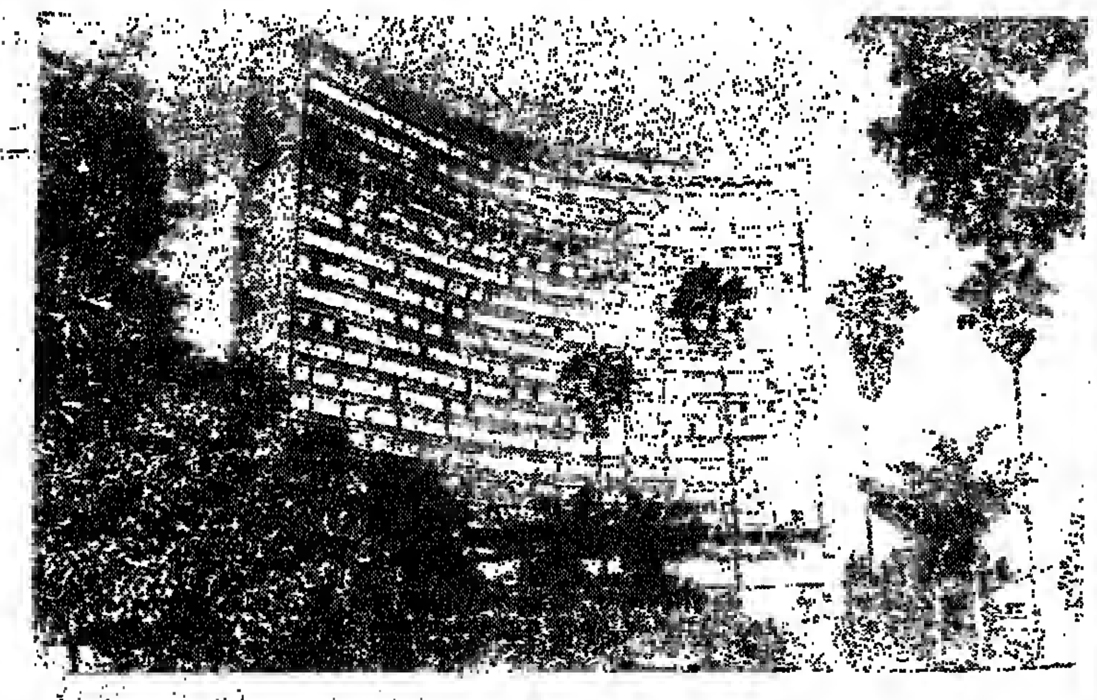
The Victoria Falls with on the left the bridge carrying the vital rail link between Zaire, Zambia and South Africa

In the short term, however, Salisbury is anxious to encourage maximum use of the Beira line because of the significant foreign exchange savings (in freight costs) that would he made. However, there are no signs yet of any move to ship Zamhia and Zaire'a copper exports via Beira, whicb until 1973 was the normal route fnr much of this traffic.

Zimabwe is playing a subsidiary role in the operation tn ferry maize supplies from South Africa to Zambia. Maize is being moved direct by rail from South Africa over the Victoria Falls bridge to Zambia and also rail to the Zimbabwe railhead at Lions Den in the north-east of the country and then by road across the border at Chirundu to Zambia. Earlier this month, the maize lift, wbicb has been devilled with difficulties, ran into further problems when South African Railways placed an emhargo on traffic shipments (though maize and wbeat were excluded) because an estimated 3,000 SAR wagons were stranded on bte Zambian rail system.

Air services with Malawi, Zamhia and Mosamhiqne have been resumed and direct air links with London, by British Airways and Air Zimbabwe bave been restarted after a 15-year interruption. Both Kenyan and Tanzanian airways are reported anxious to regular flights to Zimhahwe and the national airline would bave reciprocal rights to fly to Nairohi and Dar es Salaam. The airline faces very substantial development and re-equipment spending including the purchase of shorthaul airliners to replace the ageing Viscounts, the purcbase of long-baul jet (Air Zimbahwe bas one long-haul Boeing 707 being used for its direct flights to Gatwick) and the building of a new air terminal at Salisbury Airport originally costed out at more than $55m.

T.H.



Salisbury's Monomatapa Hotel

Quick return sought on tourism capital

WITH THE Victnria Falls as its prestige international "shop window," Zimhahwe is gearing up for a bid to establish itself as the hnh of a new geographic tourist region which will compete with East Africa and the Republic of South Africa as a destination for holidaymakers from nntside Africa.

The country's strongly marketing-orientated Director of of Tourism, Mr. Michael Gardner, has put together an imaginative package wbich incindes Zimbabwe and the front-line states of Botswana, Zamhia, Mozanhique, as well as Namibia and possibly Malawi, in an itinerary which, he is convinced, will have the tourists flocking in from wilderness-starved Europe and North America.

But the grandiose scheme, with its heavy reliance on good air links and a sophisticated ground infrastructure of good hotels, safari operators, and roads into the most remote areas of the region, must lie some time ahead.

In the short term, the new State is looking for mncb quicker and less speculative returns on the capital which has already been poured into a relatively well-developed—and in the last five years grossly underutilised—tourist infrastructure.

It is now eight years since hotel construction in Zimbabwe hit its peak. That surge of enthusiasm coincided with what turned out to be the country's record number of visitors—just under 350,000 in 1972.

In 1975 foreign earnings from tourism peaked at $27m from slightly fewer visitors.

In the years of war since, foreign tourism has declined steadily, and in 1979 the total was barely 50,000. Hotels have gone into mothballs, tour operators have gone out of business, air services have been reduced and, of greatest concern to Mr. Gardner, the standard of service in resort areas has fallen.

"If we were to have a sudden influx nf foreign tourists next week it would do the industry and the country a great deal nf harm," he said. "The visitors would leave bere disappointed and they would never come hack. But give us six months and we could go forward with full confidence."

The Zimbabwe National Tourist Board'a immediate plan to spend the next six months re-equipping and re-training to meet the standards expected by foreign touriss. The firs objective is $10m in foreign earnings in the first full year, ending December 1981. In the second year of full operations, officiala estimate earnings could hit $25m.

The aim in four years time is 70,000 genuine tourists a year and foreign earnings of between $40m and $50m. "These are no pie-in-the-sky forecasts," said Mr. Gardner: "We have hased our propejctions on our achievements under the handicaps of a civil war, restrictions on tourist promotion in our best markets while sanctions were in force and in the face of international recession."

Confident

The cost of re-huilding the industry is put at a mere $3m, and only $1m of that would he in foreign exchange.

The industry is confident that it will be backed by the new Government for three reasons important to the new country: it is labour intensive and the hotel sector alone could immediately expand its current labonr force hy 30 to 40 per cent hy re-opening mothballed hotels and bedrooms: it conld he a quick earner of foreign currency with a minimum of outlay; and the public relations valne of tonrism in winning friends for the new country and government overseas.

Initially, Zimbabwe will look to a quick increase in the number of tourists by attracting some of the foreign visitors to South Africa north of the Limpopo, mainly to see the Victoria Falls.

This was the traditional pattern nntil the early 1970s. The American or European visitor to South Africa would fly to the Victoria Falls at the end of his tour and spend an average of three days in Zimhabwe, at the Falls, Wankie Game Reserve, Lake Kariha and in Salisbury.

There is a huge market in South Africa, which has 60,000 visitors a year from the United States alone, and a very high proportion of foreign visitors could he tempted north by a short package tour including Victoria Falls. Officials believe this flow could quickly build up to 50,000 a year, with the halance of the 70,000 target being attracted directly from Europe, North America, tha Far East, Australia and the rest of Africa.

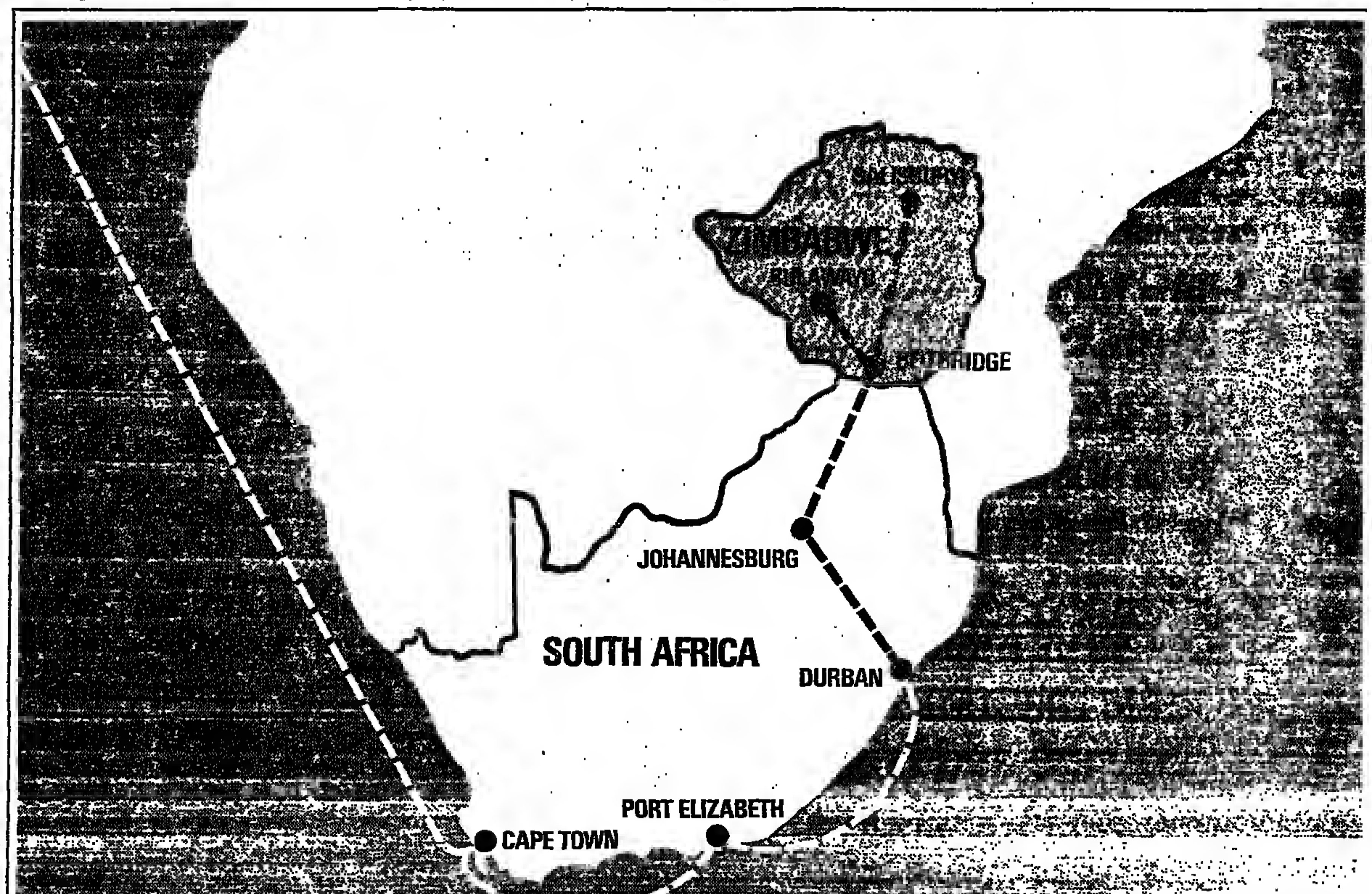
A tourist industry operating at this level would ensure profitability for the hotel and tour operators and would be self-sustaining in the encouragement of new facilities and services.

The Tourist Board will then be in a position to progress towards the long-term objective—the creation of a regional destination embracing the desert of Namibia, the Okavango of Botswana, the Victoria Falls, Kariba and Zimbabwe Ruins of Zimbabwe, Zambia's Luangwa Valley and the Indian Ocean beaches of Mozambique.

Michael Gardner is an ardent conservationalist, and he believes the "wilderness" will be a highly saleable commodity in the developed world in the next 15 years.

Ian L. Smith

Mr. Smith is Financial Editor of the Herald, Salisbury.



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An Irish Guards sergeant-major drills the guard of honour during a practice for the Independence celebrations

Walls faces task of bringing three armies together

LT.-GENERAL PETER WALLS, the man appointed to head the new Zimbabwe Joint Command, tells the story of how be visited the crack white troops of the Rhodsian Special Air Services—the SAS—immediately after Mr. Mugabe's election victory last March.

Walls was still military supremo of Rhodesia's white-led forces and at Kabrit Barracks that day he found a glum bunch of men. The SAS bad been in the van of the "anti-terrorist" war, efficient and hated by their opponents. "They were like stunned mullets," he said. "They just didn't know what had hit them. So to try to cheer them up I told them the one about the really good boxer—everytime you socked him he smiled. Even your toughest punch wham! He came up smiling."

The men stayed glum and General Walls thought they hadn't got, or didn't want to get the message—that they would be happier if they tried to accept the election victory and work with it. "But suddenly I saw some arms flapping down there and a voice yodelling "Cockle doodle doo." The men, he says, all roared with leughter.

The tension bad been broken by the action of thet one white soldier repeating the election cry of the "Terrs." And a few more of the 100,000 men under arms in Zimbabwe had begun psychologically to accept that they might now ectually serve in the same army as those they fought in a bitter seven-year bush war.

Lieutenant-General Peter Walls

Back slapping

There are many more extraordinary stories than this to highlight the progress so far of the attempt to bring the former warring armies together. Regular Rhodesian army officers early on in the ceasefire back-slapped guerrillas and exchanged reminiscences of critical engagements: men mess and train together, old emnities apparantely forgotten.

But no one near the centre of power here is in any doubt that the amalgamation of the two guerrillas armies and the white led regular Rhodesian force has been the most critical and immediate problem facing the new Zimbabwe Government. For unless that comes right, the prospect of political stability held out by Mr. Mugabe's massive election victory could go for nothing.

Set out baldly, the problem is daunting in the extreme, and probably without parallel. (The reconciliation scenca and the progress of the amalgamation exercise so far reminds me of the end of the Nigeria-Biafra war—but there one side was completely defeated and success came primarily from the magnanimity of the victorious Nigerians.)

In Zimbabwe the regular Rhodesian army consisted of some 15,000 men, augmented by perhaps 20,000 white led territorials and another 20-30,000 mainly black auxiliary troops. They faced what now appears to have been some 35,000-40,000 guerrillas scattered throughout the country but split into the Zanla army which owed elleglance to Mr. Mugabe, and the Zipra forces of Mr. Joshua Nkomo.

At the end of the Lancaster House conference last year neither side had won—though a sort of stalemate had been achieved in that the Rhodesians were by then sure they could not win, and the guerrillas were persuaded that a military victory would take too long and be too costly. But the mutual suspicion was deep and the racial overtones to the war were as clear as were the outlines of a power struggle between the rival and armed black groups.

Given these immense problems, it is remarkable how well the ceasefire arranged at Lancaster House, as well as the subsequent post-election transition, actually worked. Only two weeks, bridging the new year, were allowed for the full assembly of the guerrillas in remote camps, while the Rhodesian forces disengaged for no more than a week of that time. Yet by the second week in Januery, when the ceasefire was formally in force, the death toll had fallen from 40 a day to four or five.

There were some 18,000 guerrillas in the camps and the tiny 1,300 British-led Commonwealth monitoring force had established a degree of trust with both sides which greatly enhanced the ssuccess of the whole ceasefire exercise.

The effectiveness of the ceasefire wavered as the election fever mounted and it beceme clear that large numbers of Zanla guerrillas in particular had been ordered to stay out of the camps to campaign in the rural areas.

But the quiet withdrawal of the monitoring force in the 10 days leading up to the election and their replacement in the assembly places by Rhodesian Army and police was even more remarkable. When the history books come to be written, this period may prove to have been the most critical of all—since it was only towards the end of February, when it almost seemed too late, that the first tentative attempt at integration of he rival armies—something which both Mr Mugabe and Mr Nkomo had long demanded—were taken.

Hesitantly, the commanders of the three armies working within the framework of the British-chaired Ceasefire Commission, agreed to the retraining by Rhodesian and British officers and NCOs of a battalion each of Zanla, Zipra and Rhodesian men—perhaps, but not yet certainly, the prototype for the new Zimbabwean Army.

According to General Walls, speaking in an interview just before Independence, the experiment has worked relatively well. But he says the weeks since the election, defined by him as Phase One or reorganisation, have shown that further integration must not be rushed: much more study of the function and nature of a new Zimbabwe defence force is needed first.

This Phase Two exercise will be conducted by the newly appointed Joint Command headed by General Walls, and including the commanders of the Zanla, Zipra, and Rhodesian Army and Air Force Commanders. It will last for an "indefinite period . . . six months, or perhaps a year," General Walls says.

However, while the size of the new army and its precise orgenisation beve certainly not been decided, the parameters within which the commanders will work over the next few months are now much clearer. First, there has already been substantial demobilisation and there will be more. The first troops ti go have been the controversial black aecurity force auxiliaries which weree originally recruited as a private army by the former Prime Minister, Bishop Muzorewa. They were brought under Rhodesian Army control last July and were widely used—and hated— in the rural areas.

'Demob pay'

General Walls says that by the end of this month all but 10 per cent of the 16,000 strong force will have gone—each man having been paid some $300 in "demob" pay—with the remeining men going shortly thereafter or possibly allowed to join the regular forces.

Other black auxiliary troops—such as the Guard Force, amounting to some 4-5,000 men—are to be demobilised within the next two or three months while paramilitary forces like the District Assistants and the Farm Militia are to be disarmed.

Meanwhile conscription has been abolisbed and there has also been substsntial standing down of white reservists, with call-up commitments of white Rhodesians being cut by four-fifths.

No firm decision has apparently yet been taken on the future of the Territorials, composed partly of white reservists and black regular troops and a few regular white officers. However within five or six months of the end of the war it is likely that the number of men under arms will at least have been halved.

Of these, some 30-35,000 could wel be guerrillas. So far at least most of those presently in the Zipra and Zania assembly camps appear to want to stay on as soldiers. Just before Independence last week there were about 28,300 guerrillas in the 11 remaining camps—some 6,000 of them having arrived there after the election from their "hide-outs" in the rural areas. General Walls says the numbers still out of the camps, some of whom have turned to brigandry, are now in the "low hundreds."

There were also nearly 3,000 Zipra guerrillas who had returned to a twelfth camp from their bases in Zambia, while another 400-500 with a large amount of heavy weaponry, apparently inclnding T34 tanks, were due back before the end of the month. At the same time it was estimated that some 2,000 Zanla guerrillas were due back from Mozambique: a total then, including the mixed integrated battalions of some 32,000-33,000 inside Zimbabwe and 5,000-7,000 outside.

Though Zanla and Zipra commanders obviously expect some of their troops to opt for civilian life. General Walls says that "any regulars in any unit who want to stay on will be kept on"—and that goes for the guerrillas, too. He will not comment on what he believes would be the optimum size for a new Zimbabwe Army: "We will recommend and it's for Government to decide size and function," he says, but indications are that an effort will be made to get the army down to some 20,000 within tha next two years or so.

It is thought that there will be incentive schemes to induce men to return to civilian life, while some guerrillas will be offered land. There were hints before Independence that Government Ministers favoured turning guerrilla units into some sort of people's army which could be used immediately in rural reconstruction and rehabilitation.

General Walla says that while aopreciable numbers of white officers conld leave the fnrces in the next few weeks or months—the previoua Government set np an attractive incentive scheme providing them on retirement with a freely remittable cash bonus—this does not particularly worry him. "We have tremendous reserves of manpower," he says, "while clearly men who resign would leave room for much-needed promotion or appointment of black officers."

B.B.

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BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

Learning to live with an energy crisis

JAPAN HAS coped as well or better than any other major indnstrial country with the problems created by a 100 per cent increase in the price of its principle energy source over the past year. Oil at $30-35 per barrel bas not yet thrown the Japanese economy into deep recession (as happened after the first oil crisis) and the Japanese bave yet to give way to the frantic interest rate escalation that has characterised some Western industrial countries.

Yet despite the appearance of relative calm in Tokyo, the second international oil crisis has raised some extremely awkward dilemmas for the oil-dependent Japanese. The most serious and fundamental one can be traced to the fact that the relationship between the country's external payments (now deeply in the red) and its internal economic policies seems to have cbanged almost beyond recognition.

In the 1960s and early 1970s when Japan was bappily chalking up the highest annual growth rates ever experienced by any mapor industrial nation an overseas payments deficit (or a trade deficit) meant quite simply that the economy was overheated. Too much domestic demand was sucking excessive quantities of raw materials and fnel intn the country and leaving too little of Japan's industrial production available for export—with the result that the trade surplus shrank or went into the red. The solution was to cut back on domastic demand (by the well-tried interest rate and credit control weapons in the Bank of Japan's armoury) so that fewer materials would be sucked into the economy from abroad and more manufacturers would be pushed out in the form of exports.

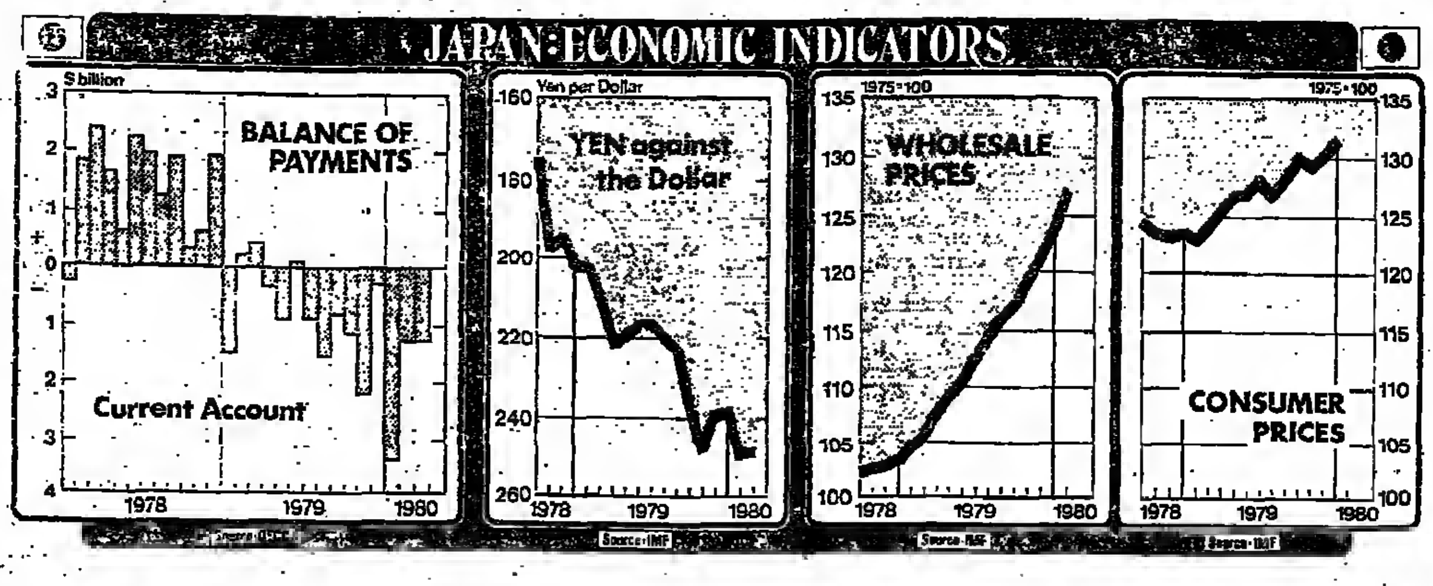
Today these simple rules have ceased to apply. Japan is deeply in tbe red in i tesxternal current account (by $13.9bn in the fiscal year ending last March) and wbolsesale prices are rising at a rate which would have hoorified any Governor of the Bank of Japan in the 1960s—by over 20 per cent per year at the last count. The remarkable thing, however, is that the economy is not, in any sense, overheated. Few bottlenecks exist anywbere in industry and labour is a drug on the market (ao much ao that industrial unions have just settled for what will almost certainly turn out to be a negative rate of real income increase in their latest annnal wage negotiations).

Most remarkable of all, and again in striking contrast with the periodic booma of the 1960s, Japan's imports have been falling in terms of volume for some months past while exports (again in voluma) have heen rising by 10 to 15 per cent above the levels a year ago. Clearly this pattern does not constitute a traditional case of domestic overbeating.

What it does mean, as all Japan's economic plannera are

. . . the country has had to pay through the nose for its imported oil

by now well aware, is that the Japanese economy functions according to a different set of laws wben oil costs $35 per barrel from those which applied when oil was cheaper. Japan spent $33bn on crude oil imports last year, an inerease of more than 80 per cent above its 1978 oil import bill. It expects to spend about $51bn this year even if oil prices rise by no mora than $1 or $2 per barrel between now and the end of the year.



The rise in oil prices since the end of 1978 explains the wbole of the recent average monthly deficit of $1.2bn to 1.5bn on Japan's current account: in otber words the country would be in comfortable thougb not excessive surplus today if oil prices bad remained stable.

But higher oil prices bave not only put the balanca of payments into the red. The oil "component" in the wbolesale price index is to hlame for mnch of the rise that bas occurred since the spring last year. Most of the rest of the increase is due to the impact on domestic pricea of imported raw materials at a depreciated exchange rate. And the yen's depreciation—by 38 per cent from the high point of October 1978—is due mainly to the fact that the conntry bas bad to pay through the nose for its importedoil.

How to cope with a situation which consists of one half of the "classic" 1960s overbeating cycle (the external part) without the other, is the dilemma which now confronts Japan's economic planners. The answers which they bave come up with so far look depressingly familiar. Japan reacted to its wbolesale price "explosion" and to the ever-widening gap on its overseas current account by imposing a domestic credit squeeze of the traditional 1960s variety, rather than by taking action to deal directly wit hthe external causes of Its difficulties. Thus interest rates bave heen at a historic peak for the past month (althougb far below U.S. levels) and the Bank of Japan's credit window to the commercial banking sector has been borrowed drastically.

Apart from doing something to limit the rate of the increase in wholesale prices (and the rata at which wbolesale price inflation has "rubbed off" on to consumer prices) the impact of such measures has heen to restrict private demand to levels of barely more than a year ago and to force the economy back into greater reliance on exports. What the measures have *not* done is to bring in sight any significant narrowing of the current account deficit or any immediate prospect that the yen may be about to strengthen.

Estimates of Japan's current account deficit for fiscal year 1980 (the period running from April 1980 to March 1981) vary widely depending on the forecaster's view of oil prices during the next 12 months. The range of guesses, however, runs from a deficit of $11bn (nearly $4hn less than last year's record figure but more than $7hn above the previons racord) to something marginally greater than $20bn. If the bigher of these two figures turns ont to be anywbere near the truth, it will take no particular forecasting talent to guess that the yen will remain weak and that Japan will bave to go on paying dearly in terms of yen for all its imports of raw material.

The Governmant's options for dealing with a second year of balance of payments crisis theoretically include still further tightening of the domestic credit screws and a still greater effort to divert production into exports. Further tightening of credit would, however, risk choking off the modest capital investment boom (spurred by the need to replace obsolete equipment, and therefore necessary to maintain Japan's competitive power) that bas been under way for the past few months. An increased export drive, on the other hand, could cause serious problems with trading partners some of wbom arealready starting to complain about over-competitive Japanese exports.

Because of these drawbacks it seems that domestic economic policy may have temporarily exbausted its usefulness in coping with the impact of oil prices and that, Japanese economic policy may bave to focus more directly on the external payments problems and the exchanga rate. "Doing something" about the yen is likely to mean in practice mounting a massive effort to indnce OP5C oil dollars into Japan, since (a) there is nothing that can be done in the sbort run to improve the current acconnt situation and (b) there is relatively little scope left for slowing down the already modest outflow of capital from Japan to the ontside world.

Japan's record of borrowing money from OPEC conntries can only he described as modest. One year after the first oil crisis, in the antumn of 1974, the Ministry of Finance, to some extent reacting to the prodding of other Industrial countries, plucked up its courage to ask Saudi Arabia for a loan and was successful in borrowing $1bn. When the Saudi loan matured last autumn the Ministry rejected an offer of renewal on the grounds that the proposed interest rate was ont of line with those In international money markets.

Early this year, with the balance of payments deficit rising inexorably and tha Bank of Japan running out of funda to support the yen on the Tokyo Foreign Exchange Market, the MOF thought better of its rejection of the Sandi terms and re-opened the question of recycling OPEC funds into yen. It bas sncceeded so far in selling (a rumoured) Y50bn to Y75bn worth of government bonds to the Saudi Arabian Monetary Authority (SAMA) and may sell another Y250hn (abont $1bn) during the next four to five months. This, however, would be small beer in relation to a current account deficit which may range up to $20bn.

The Government's options . . . theoretically include further tightening of domestic credit screws

If the MOF is unsuccessful in promoting the recycling of OPEC funds into yen (not just from Saudi Arabia but also from other oil exporters) the burden of financing Japan's oil-induced current deficit will lie where it lay after the first oil crisis—with the commercial banks. Japan's city banks are undoubtedly capable of raising the necessary funds on the Euromarkets and elsewbere. But to do so would be to add to the short-term position which is already in deficit (hy an estimated $20bn for ooe-year money). Heavier borrowing by the city banks might expose them to the payment of a "Japan Rate" (the premium charged on Eurodollar loans to Japanese hanks during a short period after the first oil crisis). At hest, the funding of the deficit through such means would do little to improve the capacity of MOF and the Bank of Japan for defending the yen.

The chain reaction whicb will link OPEC (and other) capital inflows into Japan over the next few months with the yen rate and with domestic inflation means that borrowing abroad has become a top priority for the Japanese Government. The experience must be disconcerting for a Government wbich up to now has regarded paying one's way through exports as the only safe road to stability and prosperity. The Japanese still bope to live by exports—and they still believe that the time will coma (perhaps hy 1982) wben it will once again be possible for Japan to run a current account surplus with the rest of the world. For the time being, bowever, making friends with OPEC may count for more even than selling a few bundred thousand extra cars to the U.S.

Letters to the Editor

Earning the money

From Mr. A. Beaumont Dart, M.P.

Sir,—I was most heartened to read tbe letter (April 17) from Mr. Murphy, haed of public relations for the borough of Stockport is to have an officer who understands the economic facts of life.

Mr. Murphy is quite right to wonder who is going to pay the 42 per cent uplift in his remuneration and he is even more right to ask himself how they are going to do it.

The one great problem that everybody forgets who is involved in non-productive enterprise, whether public or private, is how the money is to be raised to pay and one of the most crippling nonsenses which was brought in by Mr. Callagban during the wage freeze, was the Clegg Comparability Commission which has paid over the years no regard to societies ability to pay.

Every pound that is paid to the non-prodnctive part of society, which as far as pnblic service is concerned is one in four people, has to be paid for by someone else producing the money, or as has happened for too long in this country, printing the money and bringing inflation and virtual ruin upon everybody.

The one certainty that bas to be got home, particularly to those in civil and local government service, is that unless we can enter into genuine productivity agreements, inflation will not only never drop, but will continne to gat worse and will ruin us all.

It is not a policy of despair that I preach but a policy of realism and if we can grasp the fact that the only pay increases private or public enterprise can afford are those that bave been earned, then this country can be amongst the most prosperous in the world instead of fast becoming a banana republic, where money means nothing and bowever high the wage increase, the standard of living of people falling further and further away.

A. M. Beaumont Dark.
House of Commons, SW1

Mortgages and house prices

From Mr. H. Darling

Sir,—The bousing market over the last few months has shown conclusively that higher interest rates do hold back houseprices. It is difficult to see how Mr. Roaf (April 18) can dispute this aa he appears to do.

The more interesting suggestion he makes is for index-linking mortgages and building society deposits. Depositors would receive, saw, nil interest but have their deposits index-linked. Borrowers would pay, say, 3 per cent interest and their loan would be index-linked. This is a superb deal for depositors. It looks superficially attractive for borrowers, butthere is a sting in the tail. A borrower raising a mortgage of £10,000 today would find the loan had risen to £164,000 in 20 years with inflation at 15 per cent per annum compound. For most borrowers the only way out of this hideous trap would be to sell up.

I am afraid index-linking of mortgage is yet another artificial device to enable people to buy something which they really cannot afford. I entirely support the desire to extend home ownership just as I am glad to see improvements in standards of living in many other ways. But they bave to be paid for by real increases in national wealth. If Mr. Roaf wants to see home ownership extended further, he should think more abont ways of improving our industrial base and productivity in particular, rather than conjuring up artificial financing arrangements designed to strtech peoples' purchasing power beyond any reasonable limit.

H. N. Darling.
80, Waldemar Avenue, SW6.

Profit sharing schemes

From the Director, Industrial Participation Association

Sir,—I welcome tha new provisions for employee profit-sharing schemes and savings-related share option schemes contained in this year's Finance Bill.

Many companies bad already introduced such schemes even under the previous conditions, in order to give their employees the opportunity to share in the ownership of tha husiness, and a stake in its success. The new and improved provisions should encourage many more companies to do so.

It is a matter of concern, however, that these improved provisions will not apply to sbares already allocated under approved profit-sbaring schemes during the past financial year, nor on the exercise of options nnder already existing SAYE schemes. It is clearly desirable that they should. In the case of profit-sbaring schemes, there would be considerable administrative difficulties for companies that bave already introduced sucb schemes, and no logical reason, if share allocated in 1980-81 become availahle for disposal before shares allocated in 1979-80, and on better terms. It would also be contrary to the estahlished principle that on any disposal, shares acquired first ahall be deemed to he disposed of before later acquisitions.

With SAYE schemes, in many companies considerahle numbers of employees are already saving as much as they can afford to acquire shares, some of them very recently baving entered into savings contracts to do so. It will appear very unfair if, as conld easily occur, an employee who has recently entered into a seven-year savings contract has a tax liability on exercising bis option, whereas a fellow-employee who enters into a five-year contract under the new provisions may by that time already bave exercised his option without any tax liability whatever.

It is to be hoped that the Finance Bill will be amended so as to remove these anomalies.

D. Wallace Bell.
Indnstrial Participation Association.
78, Buckingham Gate, SW1.

North Sea capital

From Mr. S. Fowler.

Sir,—Perhaps one reason for the poor response from institutional fund managers to Mr. Harris' challenge (April 17) is that they do not expect to be conspicuously or importantly involved in the allocation of North Sea capital.

My understanding is that the national resource profit from the North Sea is received initially as oil company retentions, which the companies will no doubt allocate quite bappily, and as government revenue. We are led to believe that the Government's policy is to use that revenue to cut the tax burden overall and particularly taxes acting as a disincentive to savings and capital formation.

This will no doubt have the effect of allocating some of the resources to companies direct. The key remaining decision will be in the personal sector. It ought not to be too extravagant to expect changes in personal taxation to encourage both a high level of savinga and a more significant direct investment of savings, as opposed to through tax-efficient insurance-linked schemes. It migbt also be reasonable to expect the Government's objectives for improving public finances, together with its commitment to monetary policy, to reduce the inflation-induced elemeot in the growth in insurance and pension fund cash flows.

It is to be boped that the improvements in our economic performnce will carry with them a reduced dependence by husiness on exteroal capital sources, inclnding the stock market. The benefits of lower corporate taxes should be dwarfed by those of lower inflation on profitability, working capital and competitiveness.

Stuart A. Fowler.
13, Hestercombe Avenue, SW6.

Reform of rents

From Mr. H. Darling

Sir,—In putting forward the tenant's case Mr. Kitzinger (April 17) demonstrates that the fair rent regulations are in a hopeless muddle. The time has come for radical reform.

He quotes the House of Lords' view that landiords sbould receive a fair return on the vacant possession valne of their properties. This is quite correct. Landlords will cease to supply their wares unless they receive a fair return. Mr. Kitzinger rightly sbivers at the effect this would bava on the tenant. In a block like his an average flat with vacant possession costs £80,000 and a family flat abont £120,000. Landlords can earn about 5 per cent on prime shops and offices and 7-8 per cent on industrial property, so the additional aggravation and risk of residential property calls for a yield of at least 10 per cent. Rents in Mr. Kitzinger's block would then be £8,000 to £12,000 per annum net of landlord's outgoings — clearly ridiculous for the average tenant.

The problem has arisen because tax incentives and artificially low interest rates for owner-occupiers have pushed the owner-occupier vaine of honsing to a far higher level than the landlord's investment value. The two values need to be brought hack to the same level. The first step is to give ful ltax relief to tenants o nrent payments. This would help bnt it would not be enough to enahle tenants to pay £8,000 to £12,000 per annum. The next step is to rednce incentives for owner-occupiers. Mortgage interest rates should he allowed to rise to open market levels and the tax deductibility of mortgage interest should be gradually phased out. If that was not enough, a tax should be levied on owner occupation. Eventually the owner-occupier value of a home would fall and a landlord's investment value would rise so that they equated. The market place would then automatically provide an adequate supply of long-term rented bomes at rents which were realistic for hoth landlord and tenant.

The Government has taken a tiny step in this direction by refusing to increase the £25,000 limit for mortgage interest rate relief. I bope it will now bave the courage to tackle the problem in the much more radical way that is needed.

H. N. Darling
80 Waldemar Avenue, SW6

Levels of return

From the Assistant Director British Property Federation

Sir,—Lord Reid said in Mason v. Skilling that a fair rent should he fair to the landlord as well as to the tenant. Mr. Kitzinger (April 17) finds this extraordinary and a perversion of the operation of the Rent Act! I find that it is Mr. Kitzinger's statement this is extraordinary; but perhaps it is merely an interesting observation on the Rent Acts.

Mr. Kitzinger seems to be suggesting that there is something scandalous about basing a fair rent on a capital value with vacant possession. This is not so; such a method represents a reasonable appraisal of wbat return could be obtained by investing tha value of the bouse in other ways. What would Mr. Kitzinger feel if the local anthority were to build a motorway through bis front garden and then offer to buy bis house for £5, saying that a house with a motorway running through its front garden could not be worth more than £5? This would be the equivalent of basing a fair rent imposed hy the Rent Acts on a value depressed hy the Rent Acts. Vacant Possession Value is in any case only a starting point. The rent assessment committee in Mason v. Skilling deducted 40 per cent from it before decapitalising to arrive at a notional rental value. It was also pointed out that deducting for scarcity took account of the fact that there was a sitting tenant because it was precisely scarcity of accommodation that led to the need to confer security of tenure. This method was in any case used only as a cbeck; the rent assessment committee commented on it simply because the landlords had submitted figures hhhhhhhhhhhh ttttttttttttttt on this basis. The primary method used was comparison with other registered rents — a circular argument of which rent officers are mucb enamoured (except, it is encouraging to oote, those in W14).

But really Mr. Kitzinger is making too much of Mason v. Skilling. Lord Reid did say that landlords should receive a fair return, but the case did nothiog whatever to ensure that they ever actually would, because as he also said current legislatioo leaves it open to the reot officer to adopt any method or methods of ascertaining a fair rent provided he does not use any method which is unlawful or unreasonable. This certainly leaves rent officers free to use capital valnes; it also leaves them free to ignore them completely which is what most of them have continued to do. This is unfortunate because it lies at the very root of the "ongoiog non-availability situation" in the rented housing market.

Susan I. McCulloch
British Property Federation
35 Catherine Place, SW1

Today's Events

GENERAL

UK: Mr. Michael Heseltine, Environment Secretary, speaks at Arundel.

Mr. James Anderton, Greater Manchester Chief Constable, speaks on role of police in crime prevention, Olympia.

Mr. Wm. Whitelaw, Home Secretary, and Chief Constable of Leicester, speaks at Association of Chief Police Officers of England, Wales and N. Ireland lunch, London.

Scottish TUC meets, Perth.

Amalgamated Union of Engineering Workers conference, Blackpool.

International Machine Tool Exhibition opens, NEC, Birmingham.

Overseas: Mr. Andrei Gromyko, Soviet Foreign Minister, starts three-day visit to Paris.

EEC Foreign Affairs Council and Agriculture Council meet in Luxembourg.

Duke of Gloucester, President of British Consultants Bureau, starts week's visit to China.

PARLIAMENTARY BUSINESS

House of Commons: Employment Bill, remaining stages.

House of Lords: Social Security Bill, committee. Limitation Amendment Bill, Commons amendments. Consensus Order 1980.

ment. Subject: Council House sales. Witnesses: South Lakeland District Council, Allerdale District Council. Room 6, 4.15 pm. Parliamentary Commissioner for Administration. Subject: Report of Health Service Commissioner. Witnesses: Permanent Secretary to Department of Haalth and Social Security; Secretary, Scottish, Home and Health Department; Deputy Secretary, Welsb Office. Room 7, 5 pm.

OFFICIAL STATISTICS

Figures for unemployment and unfilled vacancies (April — provisional).

COMPANY MEETINGS

George Ewer, Great Queen Street, WC, 11.30. First Scottish American Trust, Belsize House, West Ferry, Dundee, 12. Grindlays, 23, Fenchurch Street, EC, 3. Mercantile Investment Trust, 20, Aldermanbury, EC, 12. NatWest Bank, Winchester House, 100, Old Broad Street, EC, 12. Needlers, Sculcoates Lane, Hull, 12. Scottish Life Assurance, 19, St. Andrew Square, Edinburgh, 2.15. Sterling Estates, 73, Grosvenor Street, W, 4. TACE, Essex Hall, Essex Street, WC, 3. Vantona, Midland Hotel, Peter Street, Manchester, 2.

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Similar second half but Revertex omits final

WITH A marginal advance in the second half slightly offsetting the £533,000 fall at midyear, Revertex Chemicals finished 1979 with taxable profit down from £2.55m to £2.06m.

However a jump in extraordinary costs left a £759,000 loss, compared with a £257,000 profit, at the attributable level, and the directors have, therefore, decided to omit the final dividend.

Stringent steps have been taken throughout the group to eliminate loss-making activities, lower indirect spending and raise productivity. Nearly 200 employees have been shed in the UK, the company states.

As a result of these measures and strengthened control over operations, the Board is confident that Revertex is in a good position to weather the difficult economic climate ahead. Even allowing for the difficult outlook for the UK private sector in 1980, they expect a return to higher profits this year and indicate a likely restoration of dividends next time.

Sales by the group, the interest of which include the manufacture of rubber latex, synthetic resin emulsions and noise control products, were ahead 13 per cent to £68.41m (£60.35m) and trading surplus was little changed at £2.29m against £2.26m.

The decline in the pre-tax total was mainly caused by a rise in interest costs from £527,000 to £966,000.

Explaining the passing of the final, which leaves the year's distribution at 1.17p, against 3.44p, the directors say they had to take into account not only the high extraordinary losses, following the closure of Revertex Acoustic Products, but also some continuing costs of action already taken to increase efficiency and productivity.

Tax took £1.12m (£1.38m) leaving stated earnings per 25p share at 3.47p (4.95p). Dividends absorb 167,000 (£490,000). At year end total borrowings were up at £6.72m (£6.41m) and cash stood at £1.12m (£1.38m).

Rising petro-chemical raw material prices and increasingly keen competition forced margins down in the UK during the year. Overseas profits were higher but the strength of sterling reduced the impact of this growth.

● **comment**

The passing of the final dividend cannot have pleased the market yesterday, but shares in Revertex only dropped 3p to 32p. The company explains the cut in terms of a desire for belt-tightening, ACT cost considerations and a £1.3m exceptional debit. Indeed, the company's figures represented the third consecutive year of profits decline, most of the problems being on the UK side of the business. Above the line there was a trading loss of £550,000 on the since disposed of acoustics business and a £200,000 loss from the group's structural plastics interests (of which £50,000 stemmed from the engineering strike). Interest charges were increased sharply to nearly £1m and the group's textile earnings were more than halved; this latter problem accrued mostly from flat demand in the carpet business. But overseas, especially in Malaysia and South Africa, things were booming. Overseas contributions accounted for almost three quarters of group earnings. This year the company hopes to recover to at least 1978 profit levels (£2.5m) and it seems reasonable to hope for dividend restoration by the interim stage. The p/e on stated earnings comes to 9.2, well above the sector average.

HIGHLIGHTS

British companies are facing severe financial pressures and the Lex column looks at the latest Government figures which analyses the finances of companies. Ford UK however is definitely not under financial pressures and with profits and cash flow rising has ben able to pay a big dividend to its U.S. parent. Elsewhere Lex considers the position of Mercantile Trust which has come under pressure to improve its share price and Morgan Guarantee Trust's investment report contains figures on the latest investment figures in the U.S. On the inside pages Guthrie's offer for City and International has gone unconditional and Lamont has made a bid for McLeery L Aime.

London United falls but pays 69% more

A FALL in the second half from £2.24m to £1.87m left 1979 taxable profits of London United Investments, insurance concern, lower at £3.3m, against £3.85m.

However, the total dividend is stepped up by over 69 per cent to 9p (5.3125p) net, with a final of 5p.

Profits from insurance activities were down from £4.14m to £3.54m, the majority being derived from overseas.

in the first six months when

Group turnover fell by £4.46m to £14.29m. After tax of £1.56m (£1.92m), earnings per 20p share are given as 20.44p, compared with 22.62p.

	1979 £000	1978 £000
Turnover	14,285	12,749
Operating profit	3,733	4,231
Insurance	3,544	4,137
Other	189	94
Overheads	490	389
Associates	61	11
Profit before tax	3,304	3,853
Tax	1,557	1,920
Net profit	1,747	1,933
Extraordinary debits	38	21
From non-revenue reserves	4	†183
Leaving	1,713	1,729
Dividends	769	454
Retained	944	1,275

† To non-revenue reserves.

● **comment**

With 95 per cent of profits coming from insurance activities and most of this from the U.S., the softening of premium rates and the weakness of the dollar has been a severe handicap for London United Investments. In all premium income was about a fifth lower during 1979 but the figure looks somewhat worse after conversion into sterling. Add to this higher overheads and pre-tax profit comes out 14 per cent lower—a result much in line with market expectations. New business continues to be competitive so the outlook will remain difficult, although a recovery should be possible on the back of the first-time contribution from Jarrett. At 150p the p/e on stated earnings is 7.1—a rating which gets some support from the handsome dividend increase on which the yield is 8.9 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
G. M. Callender	1.05	July 1	0.72	1.65	1.32
Clement Clarke	1.38	—	1.03*	2.42	1.8*
Elect. & Industrial	2.68	—	2.2	3.75	3.29
Execulex Clothes	1.19	—	0.95*	1.86	1.61*
Jersey Electricity	8‡	May 23	8	12	12
Kunick Holdings ...int.	0.27	June 30	0.22	—	0.77
London United	5.0	June 16	2.81	9.0	5.31
MDW	2.5	—	2.01	3.75	3.01
Messina (Transvl.)¶ int.	15	June 14	Nil	—	10
Revertex	Nil	—	2.7	1.17	3.44
Wade Potteries ...int.	0.5	May 22	0.49	—	1.82
B. Wardle ...2nd int.§	0.87	May 19	0.87	1.53	1.42

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § Previously announced as final which was payable on April 25. ¶ South African cents throughout.

EIS profits up to £1.9m

PRE-TAX PROFITS of Electrical and Industrial Securities improved from £1.82m to £1.92m for 1979, on turnover ahead by £1.8m to £23.2m.

The directors of this engineering concern say there is more than £27m of work in hand, and group performance in the first quarter of the current year is better than 1979.

All companies continue to have good long-term prospects although there is intense competition in certain sectors.

At the interim stage the taxable surplus had risen to £901,800 against £874,900.

The year's tax charge is much lower at £75,449, compared with £653,475, and there was a tax credit of £356,954 leaving the net balance up by some £1m at £2.2m (£1.17m).

Stated earnings per 25p share are 16.784p (10.57p) and the dividend is stepped up to 3.75p (3.293p) net with a final payment of 2.678p.

● **comment**

The EIS share price has moved within a narrow range so far this year and there is little immediate reason to suppose that it is about to test the lower level. After a year in which reorganisation at Hicks Hargreaves combined with the engineering dispute to trim profits by some £200,000 pre-tax, the track record has nevertheless been maintained and compound growth over the last eight years is still an enviable 20 per cent or so. Moreover, the tax charge, like gearing, is negligible. For the current year, the work load is up by perhaps £5m in real terms and HH is expected to recover from last year's substantial downturn. Interestingly, some 55 per cent of the order book is directed at the aerospace industry (breaking down to four-fifths civil and the remainder military equipment) and the group is pursuing further cheap acquisitions in this field. It rather depends now as to how the market is prepared to look at aerospace stocks. Although a recurrence of the Hicks experience seems most unlikely and there is no obvious vulnerability implicit in a fully taxed p/e of 6.6 and comfortable cover for a yield of 9.7 per cent.

MDW goes ahead to £1.26m

PRE-TAX PROFITS of MDW Holdings, building and civil engineering contractor, rose from £1.07m to £1.26m in 1979, on increased turnover of £33.2m, against £28.7m.

The mid-term taxable surplus was up from £347,000 to £412,000.

The net total dividend is lifted from 3.0113p to 3.75p, with a final of 2.5p. After a tax charge of £89,000, against a £266,000 credit — SSAP 15 has been adopted and comparisons restated — earnings per 25p share are given as 19.63p (22.32p).

The retained balance emerged at £934,000 (£1.16m).

Wade looks to new factory to recoup transfer losses

DISRUPTION CAUSED by starting up and transfer of part of production to a new factory in Scotland was more costly than anticipated by Wade Potteries, and pre-tax profits for the six months to January 31, 1980, were down from £529,558 to £470,312.

Trading losses during the changeover period exceeded the original forecast by some £130,000, but the directors state that, given reasonable trading conditions, Govancroft should be restored to profitability early in the next financial year.

The drop in pre-tax profits overall was confined to 11.2 per cent and Mr. Anthony J. Wade, the chairman, says this reflects successful trading by the remainder of the group. Each company showed substantially improved profits and the various capital expenditure schemes have proceeded according to plan. Demand for the group's products remained steady, enabling its factories to work to full capacity.

After tax slightly lower at £138,836 (£153,414) stated earnings per 10p share are down from 3.493p to 3.038p, and the interim dividend is raised from 0.49244p to 0.5p—last year's total was 1.82044p from pre-tax profits g £1.4m.

Profit retained was £259,447 (£306,660).

Mr. Wade says it would be unwise to make a specific forecast for the rest of the current financial year. But, looking further ahead, the group is well-placed to take full advantage of trading opportunities as they arise.

Sales in the first half improved from £4.74m to £5.62m.

● **comment**

The 11.2 per cent drop in interim pre-tax profit at Wade Potteries is an unpleasant surprise and the shares fell 2p yesterday to 49p. Moreover, the diversified ceramics group indicates that some teething problems at the new Govancroft plant, the cause of the trouble, are still to come. The 19 per cent gain in turnover shows that sales are still doing reasonably well. However, the company fears that some customers' difficulties in export markets could have an impact on second-half performance. About half its turnover comes from indirect exports. With Govancroft still uncertain, all bets are off for the year end result. The yield on the latest 12 months results is 5.4 per cent and the p/e for the same period 8.5.

Weir Group in excellent position for recovery

IN THE current year at Weir Group, Viscount Weir, the chairman, believes that firm evidence of recovery and resumed growth will emerge.

He tells members in his annual review that the group has great strengths in each of the main parts of its business and excellent opportunities, particularly overseas.

"We have already made drastic economies by closing two foundries and our valve company. Further radical action in our peripheral operations cannot be ruled out if it is necessary to protect and strengthen our mainstream businesses," he states.

As reported on March 20, a second half loss of £1.27m, against £3.1m profits, left the taxable surplus for 1979 well down at £2.08m (£7.6m). Turnover fell from £183.5m to £160.3m and the final dividend was omitted, leaving the total at 1.8634p (5.7233p) per share.

On a CCA basis pre-tax figure is turned into a £1.9m loss.

New orders received in 1979 totalled £133m and the group started the current year with an order book of £95m—associates' orders amounted to some £220m.

In the engineering division, Weir Pumps was seriously affected by the national dispute. However, benefits are being felt from the group's £12m investment programme, and an improvement in the quality of the company's assets, "should stand it in good stead in future years," Lord Weir says.

Repeat orders for technically advanced products are particularly encouraging, he adds.

Despite the difficulties the directors expect the performance of Weir Pumps to improve considerably during 1980.

There were closures at the Alston Foundry Company and O. H. Steel Founders and Engineers, in the steel sector, but the chairman says this will enable the group to concentrate workload. Substantially improved results are expected from the division.

He adds that the three remaining foundries, in Leeds, Sheffield and Sunderland, are all well equipped, well managed, and have good productivity compared with competitors at home and abroad.

On the desalination side, "the highlight of 1979 was the official opening . . . of the first of the six water distillation plants we are building in Dubai," Lord Weir states.

And the group expects to commission four more of these units during the current year.

The principal company in this section, Weir Westgarth, earned substantial profits in 1979, and a satisfactory outcome is expected for 1980.

As at December 28, 1979, group fixed assets stood at £31.2m (£34.9m), and current assets were £8.37m (£20.47m)—cash and short term deposits totalled £6.32m (£11.94m), and bank loans and advances amounted to £28.1m (£9.8m).

Meeting, Glasgow, May 21, at noon.

Ibstock Johnsen outlook difficult in short-term

ALTHOUGH WITH a milder winter, the opening months of 1980 have seen a more normal level of brick sales, Ibstock Johnsen's prospects for the remainder of the year, against a background of very high interest rates which are costly to the company and depressing for the building industry, can only seem difficult in the short-term, says Mr. Paul Hyde-Thomson, the chairman.

However, despite industry-wide problems in the short-term, the group's longer-term prospects are encouraging, he tells members in his annual statement.

After a pick up in the second six months, 1979 pre-tax profits were down £0.4 to £4.68m. Turnover, however, improved from £42.6m to £53.04m.

The main cause of substantial losses in Belgium has been the brick plant at the factory at Hennuyères, but negotiations for the final stage of its closure are proceeding well.

This will leave the roof tile plant at Hennuyères, which it is hoped can achieve viability in due course, and the small, but profitable, brick plant near Dinant. The future of these two plants is also currently under discussion.

In Holland, the management team has been reinforced and is steadily strengthening the Dutch company's position, while in the U.S. the integrating of Marion into Glen-Gery and production of a united team with a positive marketing policy is progressing at a good rate, considering the size and complexities involved, the chairman states.

Performance in the UK is again expected to improve.

Last year, the group's short-term borrowing jumped by £5.5m to £6m. The chairman says this is not unreasonable bearing in mind the size of the group, which this year is looking for turnover of around £75m.

With the difficult trading conditions expected this year, net short-term borrowings will grow during 1980, but in the longer term the board expects to see them reduced through a gradual reduction in volume of stocks and in their financing requirements.

Meeting, Hyde Park Hotel, SW, May 15, noon.

Good year for Clement Clarke

WITH second half pre-tax profits improving from £723,000 to £06,000, Clement Clarke (Holdings), dispensing optician, reports an increase of £138,000 to £1.39m for 1979. Turnover rose from £9.59m to £11.27m.

The total dividend is effectively raised from 1.81108p to 2.4218p with a final of 1.375p. Dividends absorb £155,000 (£106,000).

After tax slightly lower at £523,000 against £585,000, stated earnings per £25p share are up from 10.49p to 13.61p.

NOBLE LOWNDES

Noble Lowndes, the pension consulting company of Hill Samuel Group, the merchant bank with large insurance interests, has opened an office in New York. The move marks a drive by Lowndes for more employee benefit business at a time when acquisitions are being made in the U.S. by a large number of British and overseas companies.

161 companies to be wound up

Compulsory winding up orders against 161 companies—the highest number of orders made in a single day—were made by Mr. Justice Vinelott in the High Court.

The companies were: Bossgrange Engineering Supplies; Berkswell Engineering Company; Nems Records Retail; Fawley Antiques; Ronalan; Yeomans Construction (London); Markyate Plant Company; Nova Credit Company; Speedfreight (Fine Art Packers and Shippers); N.C. Piears and Company; C.P.B. Shipping and Forwarding Agency (1978).

Metro Marketing; T.H.R. Consultants; M.G. (Spalding Engineering); Delkabranch; J.L.O. Systems; Keefe and Lewis; Saltlade; Sherwood Mills (Mansfield); Sylvester Service Station; Wessex Shipyards; Woodworm and Dry Rot Service; Rigginghill; R.A. Crossman (Birtley) and Sundorne Products (Henwick Park).

Tasakel; T. Crane (Transport); Boxwise; Donsilver; Frideswide; Harridge Transport; Henry Bartm and Sons (Liverpool); K. McCormack (Building and Civil Engineering); Lymroe Textiles; Malcolm Brook Farm Eggs; Petro-Chemical Pipework Construction; Palbirch; Goad Rigg and Co.; Enterset Investments.

Pepbourne; Monde Distributors; Jipstam; Lainess; Interstruction; Aspa Fine Art; Bellaton Deeds; Cricket Hill House Company; Roffey Electrical; Sealite Glass; Tamar Abrasives; Westbrook Cleaning Services; Woodfield Properties; J. and M. Maintenance; London English Language Centre; Paragrade; Steve Elliott Motors; Acevale Transport; and John McGrath and Son (Transport).

G.C.N. (Electrical); Franklin Carpet Contracts; Mahak Fashions; Miasurst Transport; Chas. Thompson (Northern Heating Company); Homelux Marketing; Actcarp; Slurohams Transport; C. Litras and Sons; Kasam Investments Company; Snmerton Engineering; B.W.D. Metals Structures; Abco Motors; Compania United Arrows SA; Chiltern Garages; Teen-Ex (Teenagers Exhibitions).

Holidays in Scotland; Jenny's Bazaar; Miller and Pope; Black-Bat; C.B.K. Plant Hire; Flat Track Racing Consultants; Gaircroft; Houghton Transport; Imperial Cinema (Manchester); J W J Advertising; Lurkwain; Mercian Camp and Sport; Modern Method Cleaning; Mulplan Building; P. O'Rourke and Sons Haulage; R. W. Salmon and Son (Woodford); and A.B.C. Homes.

Baker and Greentree; Balecin; C. W. Denham (Dyers); Cimoria; Cday Plastering Company; J. T. Mills (Coal); Kathleen Peters; Monacourt (Plastering Contractors); Patrick McKenna and Sons (Chalfont); Princess Street Garages (Derby); Pycock and Wickett; Rhodes Construction; T. M. Blatherwick; Trace Land and Finance Company; Lunn and Wilkinson.

Bestclad; Bletchingley Garage; J. B. McMullan (Melior Motors Clayton); Philstar Haulage; Minnashire; G. A. Thomas and Co.; Welross; Dorset Designs; Willowflight; High Fidelity (Stoke on Trent); Glamorgan Roadstone; Lockstoke; Fulsetcastle; and Philip Matthews.

Anjon Specialist Contractors; Admirer's Eye; K. M. Slater and Co.; Maydart; Jeffeun Holdings (London); John Dodson; F. H. Porter (1952); Hyde Park Securities; Kwiklight; Lisburn Construction; Mariwood Property; Roger Cook Company; Mishprod; Majority Gains.

Rosedale Fine Bone China; Tenby Textiles; Tersim Management; The Bootle Sealing Company; Aveline (Haulage); F. C. Hoskins (Westminster); Ainsworth and Garner; Bartley and Baird; Byfield Engineering; Capaldis (Creamy Ices); Cresswell Motors (Browhills); Chambers and Hymas; Dareplan; and H. and H. Nepal (Import) Company.

Julie Clothing Manufacturers (Kent); Lohtone Building; Meadgreen; Norton Domestic Services; Oceancrest; Railmead; Rowenwille; Stollcroft; Swan Leisure; Timread Management; Trustcliff; Vif Mode; and Geo. T. Rayner.

SPAIN

April 18	Price %	+ or −
Banco Bilbao	220	−2
Banco Central	240	−2
Banco Exterior	206	
Banco Hispano	215	−2
Banco Ind. Cat.	127	−1
Banco Madrid	149	−3
Banco Santander	258	−1
Banco Urquijo	146	−4
Banco Vizcaya	226	−2
Banco Zaragoza	204	−2
Dragados	100	
Espanola Zinc	62	
Fecsa	58.7	+0.2
Gal. Preciados	29.5	−1.5
Hidrola	64.2	−0.3
Iberduero	58.7	+0.2
Petroleos	107.5	−0.5
Petroliber	59	
Sogefisa	107	
Telefonica	54	
Union Elect.	63	

GROVEWOOD SECURITIES LIMITED

£13·2 MILLION PRE-TAX PROFIT FOR 1979

INCREASE OF £2 MILLION

● Turnover £137m (£107m 1978)

● Exports £26m (£21m 1978)

John Danny, Chairman and Chief Executive, announces a record profit for the 12th consecutive year.

This success is due to the quality of the people who run our businesses. Entrepreneurs sell to us part of their shareholdings, retaining management control, and then dispose of the balance over periods suitable to them. These happy and prosperous "partnerships" are what Grovewood is all about.

Substantial funds are available for investment. Enquiries are welcomed.

10 YEAR PROFIT RECORD

	£million		£million
1979	13·230	1974	3·279
1978	11·235	1973	2·805
1977	7·160	1972	1·945
1976	5·646	1971	·912
1975	3·667	1970	·626

SCIENTIFIC INSTRUMENTS, BUILDING MATERIALS, TELEVISION, ELECTRICAL AND HOUSEHOLD GOODS, ENGINEERING, AGRICULTURAL MACHINERY AND SPARES, MOTOR VEHICLES, MOTOR RACING CIRCUITS, MEDICAL AND NURSING SERVICES.

GROVEWOOD SECURITIES LIMITED
45 Circus Road, London, NW8 9JJ.
A MEMBER OF EAGLE STAR GROUP

Ash & Lacy LIMITED

RESULTS IN BRIEF	1979 £'000	1978 £'000
Sales	26,679	30,204
Profit before taxation	2,585	1,901
Retained profit	1,810	960
Earnings per share	43.7p	33.5p
Dividend per share	11.5p	7.3857p

1979 Results: A very satisfactory increase in profit of 36%. Furthermore, there was an extraordinary profit of £552,000 before tax of which £398,000 arose from the disposal of premises at Tonbridge, Wolverhampton and Smethwick.

The reduction in group turnover was a consequence of the elimination of unprofitable sales. Balance sheet has been strengthened – net borrowing improved by £1.5m.

A final dividend of 6.0p per share is recommended, making a total for the year of 11.5p per share (1978 – 7.3857p). This increase reflects the strong performance of the Group in recent years.

1980 and the future: A good start to the year in the first quarter and high interest rates should produce increased income from our substantial cash balances.

Whilst the prolonged steel strike had no appreciable impact on the first quarter, there is likely to be a material effect on the second quarter's results; as a whole, it is possible that some of the sectors in which we operate will face difficulties over the next six months.

We are confident that Ash & Lacy will produce a strong performance bearing in mind the economic climate in which it has to operate.

SMETHWICK WARLEY WEST MIDLANDS

Royal Insurance
Chairman's Statement is on page 21

King & Shaxson Limited
52 Cornhill, EC3 3PD
Gilt-Edged Portfolio Management Service Index 21.4.80
Portfolio I Income Offer 77.62 Bid 77.20
Portfolio II Capital Offer 140.73 Bid 139.89

The City Offices Company Limited
1864

Extracts from the Report and Accounts for the Year 1979

- Pre-tax profits have increased for the fourteenth successive year and exceeded £1.39 million.
- Dividends paid have been increased from 2.84p per share to 3.00p per share.
- The freehold of Sperry House, Bristol was acquired and Voyager House, Poole, a freehold office building was also purchased during the year.
- Properties were professionally revalued as at 30th September, 1979 at £29,968,000 producing an unrealised surplus of £10,396,977.

Summary of Results (Year ended 31st December)	1977 £000	1978 £000	1979 £000
Gross Income	1,353	1,529	1,820
Profit after Taxation	602	1,118	1,069
Dividends	397	732	809
Profit retained	205	434	260
Earnings per share, net	2.62p	4.56p	3.97p

M. J. H. Nightingale & Co. Limited
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div. (p)	Yield %	P/E
99	60	Airsprung	66	—	8.7	10.2	3.9†
50	26	Armitage and Rhodes	29	—	3.8	13.1	1.9†
275	185	Bardon Hill	275	+3	13.8	5.0	8.1†
100	80	County Cars 10.7% Pf.	80	—	15.3	19.1	—
101	63	Deborah Ord.	98	—	5.0	5.1	11.8
110	88	Frank Horsell	110	—	7.9	7.2	6.8
129	98	Frederick Parker	101	—	12.8	12.7	4.6†
156	102	George Blair	107	—	16.5	15.4	—†
70	45	Jackson Group	68	—	5.2	7.6	4.0†
153	113	James Burrough	113	—	7.2	6.4	9.9
300	242	Robert Jenkins	280	—	31.3	11.2	8.9†
232	175	Torday	220	—	14.3	6.5	5.7†
34	11½	Twinlock Ord.	16	−1	0.8	5.2	3.0†
80	70	Twinlock 12% ULS	78	—	12.0	15.4	—
56	23	Unilock Holdings	49	—	2.6	5.3	10.4
50	47	Unilock Holdings New	47	—	—	—	10.0
99	42	Walter Alexander	98	—	4.4	4.5	6.4
190	136	W. S. Yeates	185	—	12.1	6.5	3.0†

† Accounts prepared under provisions of SSAP 15.

Investing in North Sea and American oil and gas production through
VIKING RESOURCES INTERNATIONAL N.V.
Listed on the Amsterdam Stock Exchange.
The Annual Report as of 31st December 1979 has been published and may be obtained from
Pierson, Heldring & Pierson N.V., Herengracht 214, Amsterdam.

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with Limited Liability

Statement to shareholders
by the Chairman, Mr M G R Sandberg

Mr M G R Sandberg, OBE, Chairman

This is the first year in which my statement to shareholders has been made available before our Ordinary General Meeting and we have accelerated the production of our Report and Accounts to make this possible.

The Group profit for the year was HK$1,014 million and that of the Bank itself HK$869.5 million. This represents increases of 39% and 47% respectively over the profits for 1978. Dividends received from Group members are included and as usual outside interests have been deducted in the case of Group profits. The profits of the Bank are stated after provisions considered prudent and sensible by your Board.

We have again increased the transfer to published reserves to a figure of HK$150 million and are recommending to the Ordinary General Meeting a final dividend of HK$0.50. After taking into account the interim dividend of 24 cents and the increase in capital following on last year's bonus issue of one new share for every two held, the total distribution to shareholders will show an increase of about 39% compared to last year.

Although it has remained our policy over many years not to rely on bought in money the balance sheet figures have nevertheless again increased considerably and in order to keep our capital in line with these increases we are recommending to you a bonus issue of three shares for every five held. As announced there will be an Extraordinary General Meeting after the Ordinary General Meeting to approve this. If approved $1,039,372,825 will be capitalised from the Reserve Fund and the Reserve Fund restored by transfers of HK$830,000,000 and HK$209,372,825 from the Bank's inner reserves and retained profits respectively. This will still leave carried forward profits in the Bank's accounts of HK$100 million. We shall require the authorised capital to be increased to HK$4,000 million and your approval for this will also be sought. Your Directors are quite confident that total distribution for 1980 will not be less than that for 1979, meaning dividends of not less than 47 cents per share on the increased capital as proposed.

1979 has proved a record year for your Group and has produced a rather better increase in profits than anticipated, but if one remembers that perhaps around half of the increase is needed just to keep up with inflation around the world, it puts the figures in a truer perspective.

I mentioned to you last year the tendency of economic pundits to be too gloomy and indeed the much heralded recession in the Free World has not come about. However the failure, effectively, to reduce inflation coupled with the energy price rises in the last year are not making those same economic forecasters any more cheerful. While a recession may come, and indeed may be the drastic remedy required to curb inflation, I find it difficult to see a recession of any scale in the United States during a Presidential Election year. Meanwhile economic activity in Japan and Western Europe has shown a remarkable capacity to sustain fundamental growth despite the problems faced.

It is to be hoped that a pragmatic approach to the solution of major economic problems can be sustained during the 1980s. We can take some encouragement from the example of the normalisation of Sino-American relationships which seems to have opened the bridge between the needs of an immense market and the capacity of Western technology to supply that market, in an orderly process characterised by realism on both sides.

It is comparatively easy to comment on the interlocked political and economic hazards which beset the world, but somewhat more difficult to convey an awareness that many areas are still making important progress despite the hazards. The ASEAN countries, for example, in which the Group has a major operating presence, appear to be maintaining their average annual growth rate of 7-8%. Indeed if one considers the Asia-Pacific region in general it is possible to feel hopeful that its development will be the outstanding economic trend in the last two decades of this century. This progress will of course depend upon the ability of the developed and less-developed nations to create a more balanced economic system and overcome the pressing problems of global inflation and energy shortages. The daunting scale and complexity of this task is such that realism dictates a cautious outlook for the beginning of the 1980s.

The optimism generated by the prospect of increased development in the People's Republic of China has had an effect upon the economy of Hong Kong and therefore upon the affairs of your Group.

It is good to report generally full order books for Hong Kong industrialists at least for the first half of the current year.

1979 saw the opening of the first stations on the Mass Transit Railway system in Hong Kong, a major feat of civil engineering for which the Group organised over a third of the finance through Wardley Limited. The Mass Transit Railway will undoubtedly play a major role in easing Hong Kong's traffic problems, and its completion reflects the readiness of the community to tackle infrastructure projects with determination.

Two particularly important events for your Bank have raken place since our last meeting. First the completion of the first phase of our investment in Marine Midland Bank, and secondly the definite decision to go ahead with the redevelopment of our Headquarters at 1 Queen's Road.

Marine Midland's successful application to convert into a National Bank cleared the way for our tender offer to their shareholders to purchase 25% of the outstanding stock. This received a very favourable response and was well oversubscribed. It led to our taking up the first tranche of new capital in Marine Midland on 4 March 1980 when we became 41% stockholders in that institution. Under our agreement the second tranche of new stock will be taken up by us by the end of this year. At that time our investment will be 51% at a cost of US$314 million.

Naturally we are delighted at the successful outcome of what have been protracted negotiations over a two year period but which served to confirm our confidence in the benefits which will accrue to both banks. We look forward to cooperating actively with Marine Midland in extending the range and scope of our services. The combined assets of both our organisations total more than US$40 billion, and this joint strength places us effectively among the major international banks in the world.

The Board has decided in favour of a complete redevelopment of our Queen's Road Headquarters. As we said at the time this is evidence, if evidence were needed, of our long-term commitment to Hong Kong. We are determined that the redevelopment will produce a building of which the Bank and Hong Kong as a whole can be proud and with the appointment of Foster Associates of London as our architects we are confident this will be achieved.

Elsewhere in Hong Kong we continued to expand the number of branches to provide easy access to customers in developing new towns and the older urban areas. This will continue when and where necessary although as we now have some 230 branches in Hong Kong we expect the opening of new offices to slow down somewhat.

During the year the Bank disposed of its ordinary shares in Hutchison Whampoa. This was in line with our promise when we took up our investment in 1975 – at that time in Hutchison International – to sell when conditions permitted and in an orderly manner. The profit generated from the sale was treated as an extraordinary profit and transferred direct to the Bank's inner reserves. As such of course it is not included in the profit figures mentioned earlier.

Hang Seng Bank had another record year both as to profits and dividend distribution. They continue to thrive under the guidance of Mr S H Ho as Chairman and Mr Q W Lee as Chief Executive.

Internationally our operations were very encouraging particularly so in the Far East and this is shown by the larger increase in profits shown by the Bank itself over that of the Group.

The British Bank of the Middle East showed a small increase in profits.

Shareholders will, I am sure, have read of the transfer of the Head Office of The British Bank of the Middle East from London to Hong Kong at the beginning of this year. This will allow closer and speedier liaison within the Group without in any way reducing the service we offer our constituents in the Middle East. This has meant a new Board of Directors in Hong Kong for The British Bank of the Middle East but I would like to pay tribute to the resigning directors, many of whom have given very long service and all of whom have taken a very close interest in the affairs of that Bank during a time when there has been a generally unsettled and sometimes turhulent atmosphere in the area in which it operates. I am glad to say that their counsel will not be lost as, with the exception of Mr Macqueen, they will be forming an advisory committee in London. Mr Macqueen who was in turn Chief Executive and later Chairman completed 50 years service with The British Bank of the Middle East before his retirement from their Board at the end of the year.

The Bank of Iran and the Middle East in which the Group had a 35% interest was nationalised during 1979 and we still await compensation. The Saudi British Bank, in which the Group holds 40%, has established itself very successfully under the able chairmanship of Sheikh Suliman Saleh Olayan.

Mercantile Bank Limited showed some progress although profits were down on 1978. The economic problems of India, exacerbated by political uncertainty, made trading conditions difficult and it is to be hoped that the incoming government will move swiftly to restore some measure of business and investment confidence. Similarly in Mauritius results were adversely affected by prolonged industrial and labour strife. The results achieved by Mercantile nevertheless reflect favourably on the staff involved.

Our Canadian operations continued to expand although the continuing delay in the grant of charters to foreign banks has had an inhibiting effect on our plans to move to a full banking operation.

In Australia we restructured our operations by Wardley Australia Limited – a wholly owned subsidiary of Wardley Limited – taking over the Group's business there. The start has been most promising.

Wardley itself reported continued growth and record profits. Their dividend was increased from HK$30 million to HK$47.5 million. Wardley's development is particularly important enabling the Group as it does to take advantage of the increasing trend toward transnational financial arrangements.

Wardley Middle East Limited continued to make progress during a difficult year dominated by political uncertainty in its area. Our finance companies in Brunei, Hong Kong, Malaysia and Singapore all produced good results and expanded their operations. The growth of our insurance ventures during the year was also very satisfying and we are confident that they will not only be making a significant contribution in future years but are a valuable addition to the range of our services.

Wayhong Investment which holds our transport portfolio had another good year with increased returns coming from the World-Wide Group of companies and from Cathay Pacific Airways.

At the end of last year we announced we were holding talks with Antony Gibbs which might lead to our purchasing the 60% in their company which we do not already own. Negotiations with Antony Gibbs continue and I hope to be able to say something more on this subject at the Ordinary General Meeting.

We are providing shareholders with a review of Operations as part of this year's Annual Report, and we believe that this will give some idea of the very wide range of services we now provide, both geographically and operationally. My full International Survey, which hitherto has accompanied the Annual Report, will be available on request shortly after the Ordinary General Meeting.

There has been a number of changes in your Board. In accordance with the agreement with Marine Midland, we have invited three members of their Board to join us. They are Messrs E W Duffy, Chairman, J R Petty, President, and R W Hubner, a Director and former IBM Senior Officer. Messrs Li Ka-shing and J F Holmes have also joined us, as have two additional Executive Directors, Messrs P E Hammond and I H Macdonald. To them all we extend a warm welcome, confident that their experience in different fields will contribute significantly to our counsels.

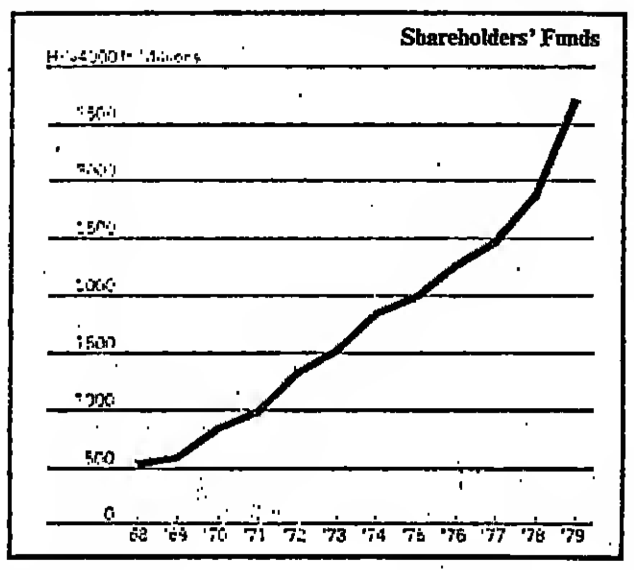
Mr P G Williams, upon relinquishing his executive role in Inchcape, is stepping down as Deputy Chairman after the Ordinary General Meeting but I am glad to say he has agreed to stay on the Board. His place as Deputy Chairman will be taken by Sir Y K Pao.

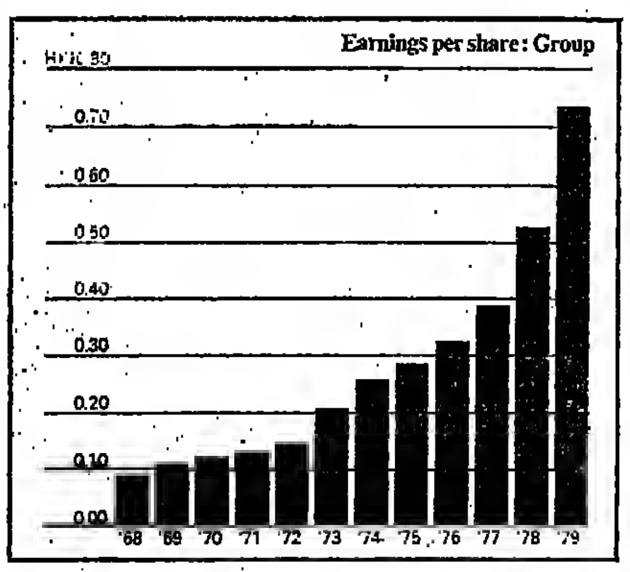
Mr G R Ross who has been on your Board for twelve years retires after this meeting under Regulation 89(h). I would like to put on record the great debt I and my predecessors owe Mr Ross for his dedication to the Bank's business.

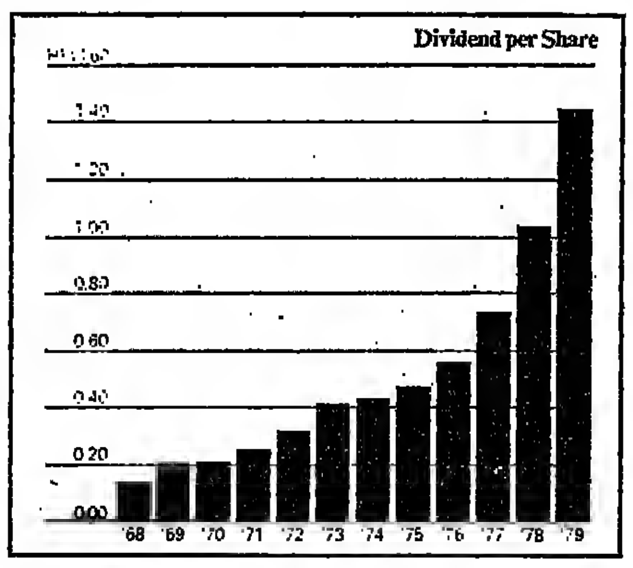
As always, it is my pleasure and duty to remind shareholders of the deht we owe to a hard working staff who now number some 23,000 around the globe. This statement of mine has, perforce, been written some little time before the Ordinary General Meeting, when I will, if necessary, bring shareholders up-to-date with the affairs of the Bank. However, I hope that the Annual Report does at least present shareholders with a portrait of a vibrant organisation poised to take advantage of opportunities as they arise during this new decade.

1979 HIGHLIGHTS

	1978	1979	1979
	HK$ millions		£ millions
Issued Share Capital	1,155	1,732	158
Reserve Fund	1,427	1,636	149
Retained Profits	295	341	31
Deposits	74,654	97,374	8,885
Advances	37,107	42,652	3,892
Bank Premises	1,241	1,541	141
Net Profit	728	1,014	93
Total Assets	98,464	125,292	11,431







The Hongkong Bank Group

Principal subsidiaries and associate members of The Hongkong Bank Group:-

The British Bank of the Middle East
The Mercantile Bank Limited
Wardley Limited
Hang Seng Bank Limited
The Saudi British Bank
The British Bank of the Lebanon, S A L
Antony Gibbs Holdings Limited
Wardley Middle East Limited

Services offered by the principal subsidiary and associate companies of The Hongkong Bank Group:

BANKING · MERCHANT BANKING SERVICES · FINANCE AND INVESTMENT · INVESTMENT MANAGEMENT
EXPORT CREDIT · INSURANCE SERVICES · BULLION DEALING · COMPANY DATA INFORMATION
TRAVELLERS CHEQUES · CREDIT CARDS · TRUSTEE SERVICES · NOMINEE SERVICES

Royal Insurance in good shape for future growth

ALTHOUGH THE outlook for the 1980s would suggest that they will prove no less difficult than the past decade, the Royal Insurance Company is well placed to face the future, says Mr. Daniel Meinertzhagen, the chairman, in his annual statement.

Reviewing the political, economic and social changes in the 1970s, Mr. Meinertzhagen says the group has been able to respond successfully to these challenges.

On social change, however, he comments that the group is disturbed by the general lowering of standards of conduct reflected by increase in crimes such as burglary, vandalism and arson. "This change in behavioural pattern has, I believe, had a more profound effect on our business than may have been generally recognised," Mr. Meinertzhagen states.

Profits before tax for 1979 fell by £21.6m to £131.5m reflecting a marked downturn in the underwriting result from a profit of £25.4m to a loss of £16.5m. A contributory factor to the turnround was an abnormally high level of weather losses, which exceeded those of 1978 by some £15m.

Royal has continued to maintain its policy of resistance to excessive rate cutting in the face of strong, and in some areas, irrational competition. Although this has led to some restraint in premium growth, the chairman says the group firmly intends to maintain its position overall by active development of business wherever prospects for profitable growth are seen.

The dividend total for 1979 is being lifted by 14.5 per cent to 21.5p net per 25p share. Mr. Meinertzhagen explains that the ability to pursue a progressive dividend policy must, however, be consistent with the need to maintain a sufficient level of capital and free reserves to support a growing business, which means retaining a substantial proportion of profits. Last year, £48.6m was transferred to reserves.

Meeting, Liverpool, May 14, at noon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Dowding and Mills, M. Y. Dart, Spencer Gears.

Finals: — Bodycote International, Brown Boveri Kent, Chesterfield Properties, Ellis and Goldstein, Estate Duties Investment Trust, Farnell Electronics, Charles Hill of Bristol, J. B. Holdings, Lilleshall, Meole, Maxim's, M. F. North, Oxley Printing, Pearson Longman, S. Pearson, Silentnight, Steel Brothers, Tozer Kemsley and Millbourn, Travis and Arnold, United Carriers, Webstars, Wilson (Connolly).

FUTURE DATES

Interims:—	
R C F	Apr 25
Westward Television	May 2
Finals:—	
Caffyns	June 9
Guardian Investment Trust	May 1
International Thomson	Apr 24
Petrocan	Apr 29

British Anzani directors resign

Three directors of construction and property group British Anzani, including the chairman Mr. Ivor Shragn, have resigned from the board. The others are Mr. J. J. Ullman and Mr. M. J. Norris.

It was at the beginning of April that the High Court was told that negotiations were taking place with an unnamed public company to inject a substantial amount of money into British Anzani.

Counsel for the group told the court that the injection would be sufficient to pay off the debts of all the British Anzani group of companies. By consent the judge adjourned until April 28 a petition, supported by Connaught Property and Land, for the compulsory winding up of British Anzani presented by the Inland Revenue, creditor for £40,232.

Callender advances to £0.93m

TAXABLE PROFITS of George M. Callender, manufacturer of bitumen damp-proof courses, surged from £434,899 to £927,783 in 1979, on turnover almost £2m higher at £8.33m.

The midway pre-tax surplus was ahead to £277,546 (£184,988) and the directors were optimistic that the trend would continue for the rest of the year.

The net total dividend is raised from 1.32p to 1.65p, with a final of 1.045p. Earnings per 10p share are given 2.9p higher at 6.2p.

Net profits came through ahead from £225,314 to £482,362 after tax of £445,421 (£209,585).

Delaware fights Grand Met

A DELAWARE court has issued a restraining order blocking Grand Metropolitan from pursuing its tender offer for all the outstanding shares of U.S. tobacco and drinks group, Liggett.

The order, alleging that Grand Met must comply with the state's tender offer disclosure act, would if upheld, mean that Grand Met must delay its $415m bid, begun last Friday, for 20 days.

Last week, a similar action in North Carolina was quashed after the judge ruled that federal legislation, requiring the takeover bid to begin last Friday, had precedence. Yet another action over jurisdiction in South Carolina was set aside when Grand Met filed the requisite documents to comply with state law.

Grand Met deputy managing director, Mr. Stanley Grinstead, said yesterday the company has not yet decided whether it will appeal against the Delaware action or whether it can be expedited. A hearing is scheduled for Friday.

Grand Met is offering $50 per share. Liggett shares were suspended briefly yesterday morning at $43½, but resumed trading at the same price.

GEC/AVERYS

The offer by General Electric Company for AVERYS will close on May 5. GEC now holds over 95 per cent of Averys and intends to acquire compulsorily the outstanding shares.

DRAKE & SCULL

Mr. BMichael Abbott, chairman of DRAKE AND SCULL HOLDINGS has sold 70,000 ordinary shares at 42p each, reducing his holding from 542,250 to 472,250 shares.

Chevalier Ado Malevez, joint deputy chairman, has sold 80,000 ordinary shares at 42p each reducing his beneficial holding from 284,650 to 204,650 ordinary shares. His non-beneficial holding remains at 745,000 shares.

Duple sells Oldham works

The engineering division of Duple International, which also has interests in coachbuilding and plastics, has sold its leasehold in the hWeatfield works, Oldham, to Remploy for £70,000. The book value of the premises was £539,014 at August 31, 1979.

The group is negotiating to lease alternative premises in the same area. Duple has also sold, to Cobble Blackburn, certain assets and know-how of its twister machinery business for £50,000. The book value of these assets amounted to £29,623 at August 31, 1979. In addition, Cobble Blackburn will purchase certain stocks and materials over a two-year period.

Duple said yesterday that these transactions will complete the rationalisation of the engineering division.

During the year ending August 31, 1979, the group's twister machinery business operated at a net loss and had these steps not been taken the losses would have continued. The engineering division is now expected to break even in 1979-80 and move back into profits the following year.

BIDS AND DEALS

Guthrie raises £18m from trust's portfolio placing

BY RAY MAUGHAN

Guthrie Corporation has, as planned, wasted little time in liquidating City and International Trust's investment portfolio. The bid for the trust closed last Friday and was accepted by holders of 90.3 per cent of the ordinary voting capital, in which 8.3 per cent elected to take the 710p per share cash alternative.

Brokers for Guthrie, Fielding Newson-Smith, and those acting for City and International, de Zoete and Bevan, yesterday placed almost all the shares in the trust's portfolio with some 100 institutions.

Guthrie, the plantations group expecting a bid from Sime Darby, has already lined up adequate dollar finance for further U.S. acquisitions, but it intends to apply part of the £18m placing proceeds to North American diversification. A deal with a privately owned U.S. foundry and railway container company, which turned over more than $300m last year, has been under negotiation for some time and, after some hard talking, is expected to come to fruition by the end of this month.

Guthrie's share price fell 10p yesterday to 790p against a recent peak of 912p and hopes that Sime, the Malaysian plantations group, will bid £10 per share have yet to show any sign of firming up.

Sime, however, holds 29.9 per cent of Guthrie, is thought to be supported by a further 10 per cent which, with 40 per cent said to be favourable to the defending Board, means the market for the outstanding equity is extremely tight and liable to sudden price volatility.

Sime mustered only 47 per cent of the votes cast at the EGM held last week to approve Guthrie's acquisition of the investment trust and thus failed to block what was, in effect, a rights issue as Guthrie exploited its swollen share price.

KOTMALIE

The Kotmalie Valley Estates Company of Ceylon has reached a conditional agreement to acquire Jayplant, a UK plant hire contractor, for £700,000. The consideration is to be satisfied by the issue of 14m new ordinary 5p shares.

The successful completion of the acquisition will result in the vendors of Jayplant acquiring control of Kotmalie and, under Role 34 of the City Code on Takeovers and Mergers, will make an unconditional offer for the remainder of the shares.

For several years Kotmalie has not actively traded. Its activities now consist of the collection of compensation monies arising from the nationalisation of a tea estate in Sri Lanka in 1975.

According to a circular sent to shareholders, the most likely alternative to entering into an agreement such as the acquisition of Jayplant would be for the voluntary liquidation of Kotmalie which, in view of the deferred compensation arrangements, would be unlikely to be completed before 1983.

An extraordinary meeting is to be called on May 12 to approve the acquisition.

LONDON INTERCONTINENTAL

The board of Glasserton states that satisfactory answers to certain queries concerning London Intercontinental Trust, referred to in the announcement on April 1, 1980 have now been received, and an offer document will be despatched as soon as is practicable.

ASSOCIATES DEAL

N. M. Rothschild and Sons bought on behalf of a discretionary client 50,000 ordinary shares of Harris Queensway at 205p, on April 17.

HOFFNUNG

Hoare Govett on Friday bought 20,000 S. Hoffnung and Co. at 88p on behalf of Burns Philp.

McCleery rejects Lamont offer

Lamont Holdings, the Edinburgh based investment holding company with interests in engineering and property, is making an offer for McCleery L'Amie Group, the Belfast textile group which also has property interests.

But McCleery was quick to reject the overture yesterday. The company said that the Lamont offer had been made despite the lack of agreement between the two companies on the terms.

Lamont, headed by Sir Desmond Lorimer—who is also chairman of McCleery—is offering three ordinary shares for every four of McCleery or there is an 18p cash alternative. McCleery shares rose 7p to 18½p in the market yesterday while Lamont eased ½p to 27p. This values each McCleery share at 20¼p and its entire capital at some £2.6m.

McCleery said that if and when a formal offer is made the directors (other than Sir Desmond Lorimer) will give their detailed reasons for their opinion that the offer is inadequate. Meanwhile shareholders are recommended to take no action.

It was announced yesterday that Mr. G. J. C. L'Amie, a director of McCleery L'Amie, had disposed of 573,722 ordinary shares, representing 4.47 per cent of the capital.

Lamont said that if the offers are successful the directors envisaged some rationalisation within the management and manufacturing activities of McCleery. But it is not anticipated that this would lead to any "undue redundancies."

The Lamont and McCleery involvement in property management and development would be merged and expanded. It was also intended that the enlarged group will seek further expansion in manufacturing through acquisition and internal development.

In 1979 McCleery suffered a sharp setback with a turnround from a profit of £414,000 to a loss of £33,000. During the year the manufacturing activities of Belfast Ropework were discontinued together with the textile engineering activiteis. In January the company announced the closure of the synthetic yarn spinning plant of McCleery and L'Amie at Saintfield.

In their preliminary statement the directors said that the group's property base would enable it to withstand the outside pressures on manufacturing and trading.

Sir Desmond Lorimer, who has not participated in the negotiations, beneficially owns, together with family interests, 200,313 ordinary shares of McCleery; Lamont is the beneficial owner of 100,000 MLG shares. Lamont's parent company is Ulster Finance, a company controlled by Sir Desmond Lorimer and Ulster Bank.

McCleery has been advised by Morgan Grenfell and Lamont by Northern Bank Development Corporation.

RESULTS AND ACCOUNTS IN BRIEF

SHARNA WARE (plastic ware manufacturer)—Results for 1979 already known. Historic pre-tax profits of £1.07m (£0.91m) reduced to £0.85m (£0.81m) on CCA basis. Current assets £5.97m (£4.14m), current liabilities £4.03m (£2.98m). Increase in working capital £170,000 (£458,327). Meeting, Midland Hotel, Manchester, May 9, at 12.30 pm.

ROYAL WORCESTER (table and ornamental ware, alumina products, electronics)—Results for 1979 already known. Group fixed assets £7.55m (£7.13m), net current assets £14.43m (£12.7m). Shareholders' funds £16.36m (£14.11m). At April 2, Rothschild Investment Trust held 25.9 per cent of equity on fully diluted basis. Meeting, Brown's Hotel, W, May 7, noon.

MANDERS (HOLDINGS) (paint and printing ink manufacturer)—Results for 1979 already known. Group fixed assets £14.95m (£14.84m), net current assets £7.98m (£7.1m). Increase in working capital £1.47m (£1.88m). Decrease in net liquid funds £30,000 (£44,000 increase). Chairman says high inflation and strong pound will lead to difficult trading conditions with pressure on profit margins. Group faces difficult period with confidence. Meeting, Wolverhampton, May 8, noon.

R. CARTWRIGHT (HOLDINGS) (door and window furniture manufacturer)—Results for 1979 reported March 27. Historic pre-tax profit of £1.13m (£0.93m) reduced to £0.85m (£0.72m) on CCA basis. Group fixed assets £3.02m (£0.88m). Current assets £4.53m (£2.89m). Current liabilities £2.85m (£1.55m) including bank overdrafts £0.72m (£36,825). Liquid funds fell by £1.13m (£0.13m increase). Imperial Group Pensions Fund held 7.28 per cent of capital at year-end. Meeting, Birmingham, May 7, noon.

SILKOLENE LUBRICANTS (refining and distribution of petroleum products)—Results for 1979, and prospects, reported April 2 in full preliminary statement. Group fixed assets £1.38m (£1.17m). Net current assets £2.79m (£2.18m). Meeting, Belper, May 9, noon.

SALE TILNEY AND CO. (industrial November 30, 1979, and prospects pub. and foods group)—Results for year to lished March 14. Group fixed assets £3.01m (£1.98m), current assets £17.06m (£15.35m), current liabilities £11.34m (£13.99m). Increase in working capital £4.44m (£3.38m decrease). Meeting, London, SW, April 23, at 12.30 pm.

ROSEDIMOND INVESTMENT TRUST—Results for year to January 31, 1980, already known. Listed investments in Great Britain £6.31m (£5.54m), outside Great Britain £15,634 (£1.01m), unlisted £10,000 (£550). Current assets £338,855 (£536,264), current liabilities £410,369 (£245,575). Net assets £6.45m (£6.25m). Increase in liquidity £465,083 (decrease £624,502). Meeting, 41, Bishopsgate, EC, May 5, 11.30 am.

FAMILY INVESTMENT TRUST—Results for year ended January 31, 1980, already known. Valuation of UK investments £4.14m (£4m): UK unquoted £296,335 (£181,300); overseas £18,062 (£30,234). Net current assets £853,435 (£605,095). Meeting, 20 Fenchurch Street, EC, May 7, at 2.30 pm.

TRICENTROL (oil, gas group)—Results for 1979 reported in full preliminary statement on March 21. Group fixed assets £55.61m (£38m). Net current assets £14.42m (£11.06m)—Short-term deposits and cash £13.36m (£3.07m); short-term loans (other than bank £7.63m (£2.45m). Increase in net liquid funds £12.28m (£1.89m decrease). Meeting, Abercorn Rooms, Great Eastern Hotel, EC, on May 9 at noon.

DERBY TRUST—Value of portfolio at March 31, 1980, £15.04m against £14.79m at December 31, 1979. Assets attributable to capital shareholders at March 31, £10.28m, equivalent to 400½p per 50p capital share, against £10.04m, equivalent to 391p at December 31.

BERNARD MATTHEWS—Results for 1979 reported March 28 in preliminary statement with prospects. Group fixed assets £6.23m (£4.22m). Net current assets £6.88m (£5.69m). On CCA basis profit reduced to £3.45m (£3.08m). Meeting Norwich, Norfolk, May 12, noon.

CORAH (knitted clothing and fabrics)—Results for 1979 reported March 7 with prospects. Fixed assets £10.1m (£7.71m), net current assets £9.15m (£8.48m). Net liquid funds decreased £2.49m (£0.69m). Meeting, Leicester, May 8, noon.

LAMBERT HOWARTH GROUP (footwear)—Results for 1979 reported March 13. Group assets £1.17m (£1.08m), net current assets £2.78m (£2.33m). Net assets employed £4.2m (£3.62m). Shareholders' funds £2.22m (£2.45m). Orders are coming in reasonably well and board expects company to reach a production level at least equal to 1979. Meeting, Burnley, April 30, noon.

DICKINSON ROBINSON GROUP (packaging, printing, engineering)—Results for 1979 reported in full preliminary statement with prospects on March 20. Group fixed assets £88.4m (£75.3m). Net current assets £100.5m (£77.8m). Historic pre-tax profit of £27.7m (£23.8m) reduced to £10.3m (£13.2m) after inflation adjustments. Meeting, Bristol, May 8, noon.

RENTOKIL GROUP (pest control, timber preservation)—Results for 1979 reported March 5. On CCA basis, pre-tax profits £11.03m (£8.58m) compared with historical £13.02m (£10.56m). Group fixed assets £18.17m (£16.4m), intangible assets £5.75m (£5.56m), current assets £29.82m (£24.18m), current liabilities £21.26m (£17.02m). Net liquid funds up £1.07m (down £0.18m). It is proposed to increase the board's annual fees from £18,500 to a maximum of £50,000 and to introduce new employees' profit sharing scheme. Board expects that group profits will continue to increase. Ultimate holding company is Sophus Berendsen A/S. Meeting, East Grinstead, May 7, 10.30 am.

HIGH GOSFORTH PARK COMPANY—Profit for 1979, £32,184, including profit after tax on sale of cottage at £22,661 and excludes future fee entitlement of £8,846 taken in the form of a capital works grant.

GIBBS AND DANDY (builders' merchant, ironmonger)—Results for 1979 already known. On CCA basis, pre-tax profits £288,000 (£384,000) compared with historical £589,721 (£473,944). Group fixed assets £1.62m (£1.59m), net current assets £1.68m (£1.26m). Shareholders' funds £2.89m (£2.53m). Working capital increased £419,498 (£192,577). Chairman is not unhappy with results so far in current year. Meeting, Luton, May 7, 11.30 am.

PARAMBE (investment holding company)—Net dividend 0.5p (0.4p) for 1979. Turnover £116,311 (£72,975). Pre-tax profit £29,156 (£25,068) including profit on disposal of investments £1,424 (£2,296). Tax £8,405 (£5,891). Extraordinary credits £18,487 (£32,988). Retained £20,486 (£37,173). Earnings per 10p share 0.55p (0.51p). Net asset value per share 11.3p (10.7p).

NATIONAL ELECTRIC CONSTRUCTION COMPANY (controlled by British Electric Traction Company)—Profit for 1979 £576,094 (£461,189) before tax, £165,179 (£140,582). Final dividend 22.5p, making 32.5p (25p). Earnings per 50p share 35.27p (27.14p). Net asset value per share 583p (573p).

JOHN I. JACOBS AND CO. (ship-broker)—Results for 1979, reported March 20. Fixed assets £2.21m (£2.14m). Current assets £8.21m (£6.17m) including listed investments £5.24m (£4.72m). Current liabilities and provisions £1.04m (£1.38m). Chairman says dividend rate will at least be maintained in 1980. Hambros Investment Trust holds 20.4 per cent of capital. Meeting, Winchester House, EC, May 8, noon.

LAURENCE GOULD AND CO. (agricultural consultants)—Results for 1979 already known. Fixed assets £519,101 (£298,741); net current assets £44,783 (£219,507). Decrease in working capital £378,455 (£203,028 increase). Chairman says he is looking to some increase in turnover and profit, albeit a bit rather less dramatic than experienced over that last year or so. Meeting, 22, Austin Friars, EC, May 7, noon.

CADBURY SCHWEPPES (drinks and confectionery manufacturer)—Results for 1979 already known. Fixed assets £237.9m (£237.2m), net current assets £179.7m (£170.5m). Increase in working capital £10m (£13.9m). Chairman states that the company is much better placed to meet the problems and contingencies of the current year. Meeting, Grosvenor House, London, W, May 22, at 3 pm.

APPLEYARD GROUP OF COMPANIES (sales and service of motor vehicles and agricultural machinery and distribution of fuel oil)—Results for 1979, and prospects, reported March 27 in full preliminary statement. Group fixed assets £7.66m (£6.73m). Net current assets £7.31m (£7.6m). Future capital expenditure £1.54m (£0.16m); of which £0.42m (£58,000) authorised but not contracted for. Meeting, Leeds, May 8, noon.

HOLYROOD RUBBER—Final dividend 28p making 42p for 1979 (40p). Turnover £502,032 (£479,557). Profit £115,568 (£139,548). Investment income £33,422 (£16,222). After tax £62,039 (£70,768) and extraordinary debit £5,554 (£729 credit), net profit £81,387 (£85,731). Dividend £36,184 (£34,461), general reserve £45,000 (£50,000) and forward £48,012 (£47,809). Earnings 100.91p (98.66p) before extraordinary item. Meeting May 29.

KUALA SELANGOR RUBBER—Final dividend 8p making 12p for 1979 (9.5p). Turnover £634,354 (£525,664)—rubber £427,143 (£370,686) and oil palm fruit £207,211 (£154,978). Profit £263,6[illegible] (£218,276) and investment income £32,356 (£21,549). After tax £164,03[illegible] (£126,385) and extraordinary debit £6,906 (credit £1,499), net profit £125,087 (£114,939). Dividend £93,0[illegible] (£73,625), general reserve £30,00[illegible] (£50,000) and forward £66,54[illegible] (£64,456). Earnings 17.03p (14.64p) before extraordinary item. Meeting May 29.

HONGKONG (SELANGOR) RUBBER—Final dividend 30p making 38p for 1979 (28p). Turnover £136,031 (£126,159). Profit £41,313 (£42,646). Investment income £112,903 (£40,141). Tin tribute £235,293 (£377,939), associates profits £41,716 (£34,738). After tax £220,210 (£296,264) and extraordinary debit £10,604 (£313 credit), net profit £200,410 (£200,413). Dividend £171,0[illegible] (£126,000), general reserve £25,000 (£50,000) and forward £84,354 (£59,944). Earnings 46.89p (44.47p) before extraordinary item. Meeting May 29.

BBA GROUP (friction materials, conveyor belting)—Results for 1979 reported April 1 in full preliminary statement with prospects. Historic pre-tax profit £8m, reduced to £4.42m on CCA basis. Group fixed assets £44.17m (£31.5m), and £51.76m on CCA. Net current assets £23.89m (£18.1m) and £24.28m CCA. Meeting, Bradford, Yorks., on May 15 at 11.30 am.

METAL CLOSURES (metal, plastic products)—Results for 1979 reported March 20. Group fixed assets £18.32m (£13.85m), net current assets £14.6m (£14.5m). Meeting, Hyde Park Hotel, Knightsbridge, SW, May 16, noon.

UNICORN INDUSTRIES (industrial holding concern)—Results for 1979 reported April 2 in full preliminary statement with prospects. Group fixed assets £16.61m (£15.22m). Net current assets £27.1m (£20.1m). Net borrowings increased by £4.57m (£2.96m). Historic pre-tax profit of £6.52m reduced to £4.26m on CCA basis—Fixed assets £34.67m and net current assets £28.15m on CCA. Meeting, Windsor, Berks., May 9, noon.

MERCHANT TRUST—Results for year ended January 31, 1980, reported March 11. Valuation of investments £58.1m (£51.7m). Net current assets £460,909 (£244,557). Liquidity increased by £590,000 (£3.69m). Chairman says Trust will continue to be able to find opportunities for capital growth and investments which are likely to produce increasing income. Meeting, 20, Fenchurch Street, EC, May 12, 11.45 am.

AUTOMATED SECURITY (HOLDINGS)—Results for year to November 30, 1979, and prospects, reported April 15. Group fixed assets £7.54m (£5.2m). Net current assets £2.46m (£1.63m). Net bank overdraft fell by £13,000 (£110,000 increase). Chairman says anti-shoplifting division started operations in January and is expected to perform well in current years. Meeting, 25 Hampstead High Street, NW, May 12, noon.

W. CANNING (materials; engineering, environmental control, metals and electronics)—Results for 1979 reported March 25 in full preliminary statement. Group fixed assets £8.07m (£7.77m), net current assets £5.43m (£5.69m). Bank overdrafts £3.31m (£1.02m). Shareholders' funds £11.16m (£10.62m). Meeting, Birmingham, May 12, at 3 pm.

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Results

Year ended 31st December	1979 £m	1978 £m
Turnover	272.2	246.9
Exports	35.9	32.8
Profit before tax	36.2	30.4
Profit after tax	28.2	20.0
Capital expenditure	31.3	26.5
Shareholders' interest	160.5	112.1
Earnings per share	20.9p	15.7p
Dividends per share	5.0p	3.7p

Growth continues
Record profits for fifth successive year

'The effect of strikes in the U.K. meant effectively the Group operated on a ten-month year . . . once again industrial action is going to prevent us from fulfilling our potential . . . we shall make every effort to minimise the damage – we continue to do everything we can to expand and . . . drive the Group forward.'

Peter Goodall (Chairman)

Other salient points from the Chairman's circulated statement:

- Although a number of factors, many completely outside our control, had an adverse effect on our performance, 1979 continued our growth and profits advanced to record levels for the fifth successive year.
- We continued in 1979 as we have in past years to do everything we can to expand, update and modernise our business. Our efforts in research and development have been maintained.
- As our home markets decline our exports become more and more vital to us . . . It is a matter of utmost gravity and concern that the rate of inflation should be brought down to enable us to compete in foreign markets with nations whose rate of inflation is very often less than one-third of ours.
- We have indeed a lot going on . . . we are committed to the long term growth and expansion of the Group; we are anticipating capital expenditure at the rate of some £40m a year over the next three years to meet the growth which we see before us.

The Annual General Meeting will be held on the 14th May in London. Copies of the Report and Accounts can be obtained from the Secretary, Genefax House, Tapton Park Road, Sheffield S10 3FJ.

HEPWORTH CERAMIC HOLDINGS LIMITED

HCH Leaders in clayware, refractories and industrial sands and prominent in plastics, foundry resins & equipment, engineering etc.

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MINING NEWS

Broken Hill looks ahead

BY KENNETH MARSTON, MINING EDITOR

A MAJOR exploration programme costing A$10m (£4.9m) over the next five years is to be launched at the famous Broken Hill district of New South Wales by the Rio Tinto-Zinc group's Australian Mining and Smelting which owns the Zinc Corporation and New Broken Hill lead-zinc-silver mines.

The Broken Hill orebody is one of the largest and richest lead-zinc deposits in the world, but it has been worked almost continuously since 1883. Although the group's mines there have remaining lives of between 17 and 26 years, it takes anything from five to fifteen years t obring any new find to full production.

So the AM and S search, which will require a substantially higher expenditure if new economic deposits of ore are discovered, has to get underway now in order to ensure the future of the city of Broken Hill as a major mining centre and of the dependent smelting operations at Port Pirie and Cockle Creek.

Fortunately, AM & S believes that there is a considerable geological potential for further ore discoveries in this great mining region and the new search will be based on a better understanding of the ore environment as opposed to the previous examination of only outcropping mineralisation. The programme will be co-ordinated by CRA Exploration.

Messina makes good progress

THE FORECAST of a "major improvement in profitability" for the Messina (Transvaal) copper mining and industrial group which operates in South Africa and Zimbabwe is fully borne ont in the results for the half-year to March 31.

They show an edvance in net profits to R8.72m (£4.86m), equal tot 79.3 cents per share, compared with only R1.79m in the same period of a year ago. An interim dividend is declared of 15 cents (8.4p).

After the loss sustained in 1977-78 when the industrial interests ran into trouble. Messina returned to the dividend list in the year to last September with a profit of R5.52m and a single dividend payment of 10 cents.

While better metal prices lifted profits in the past balf-year Mesine's industrial income showed a similar advance, mainly as a result of an improved performance by the Datsun vehicle franchise.

Mesisna made substantial loan repayments and reckons thet even if metal prices are lower in the curernt balf-year its profits should show a further increase thanks to the continuing improvement in industrial earnings. The shares were 196p yesterday.

Randfontein's lower output

FOLLOWING LAST year's stock disclosure that remaining ore values at the old original gold and uranium mine are well below those indicated by past records, Randfontein Estates has come to terms with the change circumstances.

The old section is now considered as only marginal at current metal prices and is reckoned capable of continued production at a modest 70,000-80,000 tonnes of ore per month for at least the next four years. This is still e wortwhile addition, however, to that of the more exciting new Cooke mine.

It will mean that until the R200m (£98m) Cooke No. 3 shaft system is brought into operation in 1985, Randfontein's overall uranium production will be reduced and arrangements have been made for supplies from other mines to meet the shortfall. Meanwhile, further improvements at the Cooke plant should result in uranium production rising to 700 tonnes a year in the near future; it was 148 tonnes in the past quarter.

Another nofortunate result of the much lower than expected ore grades et the old mine is that they lowered Randfontein's overall gold ore grade milled last year from 11.4 grammes per tonne to nly 6 grammes as the tonnage drawn from the old mine increased.

The chairman, Mr. Bernard Smith, warns that further reductions in grade must be expected because of the legal requirement that mining grades must match those of the ore reserves. Consequently this year's total gold output is expected to revert from 23,486 kgs in 1979 to about the 1978, level of 21,106 kgs. Even so, Randfontein still hopes to "further enhance" dividends this year.

Amax profits surge

STRENGTH of mineral demand in the first part of the year has enabled Amax, the diversified U.S. resources group, to announce record first quarter earnings.

Pre-tax operating earnings for the three months to March were $186m (£83.7m), compared with $107m in the 1979 first qnarter and $132m in the 1979 final quarter, the group stated yesterday.

Net earnings per ahare were $2.45 against $1.39 in the 1979 first quarter and $6.49 for the whole year.

Molybdenum, copper, coal, oil and gas earnings all increased. Nickel showed a slight profit. But lead and iron ore profits were reduced. Expansion of coal and molybdenum operations led to higher depreciation, while exploretion expenses climbed.

The figures are precisely on cue. Numerous statements from the group in recent months had anticipated that the surge in 1979 earnings would continue at least into the 1980 first quarter—a not uncommon experience in the industry generally.

● Amax has tentatively agreed to acquire the mineral rights et its Mount Emmons molybdenum prospect in Colorado. Since 1974 the property has been leased from U.S. Energy Corporation and Crested Butte Silver Mining. Amax is to increase royalty payments to 6 per cent, loan a total of $15m to the companies and buy shares and warrants of the companies worth $10m.

ROUND-UP

South African gold production showed a marginal decline last month with output from all the Republic's mines totalling 1,738,900 ounces compared with 1,790,459 ounces in February. The total for the three months to end-March comes out at S,439,016 ounces against 5,584,867 in the same period last year.

* * *

Mary Kathleen, the Australian uranium producer owned by Conzinc Riotinto of Australia and the Commonwealth Government, has enough ore reserves for its plant to operate until the end of 1984. Production of uranium oxide in the 1980 first quarter was 156 tonnes, equivalent to an annual rate of 623 tonnes. Last year production was 832 tonnes.

* * *

A first priority for 1980 et Brinco, a Canedian resources company in the Rio Tinto-Zinc group, will be the acquisition of cash flow-producing assets to support the capital demands of Brinco Oil and Gas, Mr. High Snyder, the president, said in his annual statement.

Acquisitions and stocks drain Assd. Biscuit cash

THE CASH position of Associated Biscuit Manufacturers was negetive at the 1979 year-end, the first time for four years, says Mr. Gordon W. N. Palmer, chairman, in his annual statement.

This was dne mainly to taking on overdrafts in companies acquired and a deliberate policy of building np certain stocks to guarantee supplias to the trade in the first quarter of 1980, be explains.

There was a £14.69m decrease in cash balances during 1979, compared with a £0.95m increase previously.

Bank and other short-term deposits amounted to £84,000 (£2.55m) at the year-end, and cash and bank balances tetalled £1.2m (£6.2m). Bank loans and overdrafts were sharply higher at £10.09m (£3.26m), of which £7.15m (£1.71m) were unsecured in the UK.

Stocks were up from £22.65m to £37.19m.

Pre-tax profits climbed to e record £11.59m (£9m) last year. On a CCA basis, the taxable surplus was reduced to £6.52m (£5.32m). The net total dividend is being raised to 4.44p (3.33p).

The chairman said in his preliminary statement that the re-balancing of the group, with less dependence on the UK biscuit market, a larger presence in North America and Europe, and a substantial stake in the snack food market, will enable it to grow both in turnover and profits.

Ambitious targets had heen set for the current year, and he saw no reason why they should not be achieved.

Estimated commitments for group capital expenditure totalled £7m (£4.71m) et the year-end, of which £4.1m (£2.28m) had been approved but for which no contracts had been pleced.

Meeting, Great Western Royal Hotel, W, on May 20 at 12.30 pm.

CU warns of troublesome year ahead

Sir Francis Sandilands, chairman of Commercial Union Assurance, told the annual meeting that 1980 was expected to be a troublesome year for the insurance industry. New business, be said, was becoming more difficult to obtain at rates of premium which were likely to show an underwriting profit.

Despite this sombre background, be said results for the first three months looked like being better than those for the corresponding period last year. He pointed out, however, that results in the first three months last year were affected by exceptionally bad weather, especially in North America and the UK.

Inflation increased claims costs and operating expenses and growth in premium income was needed to meet these rising costs, he said.

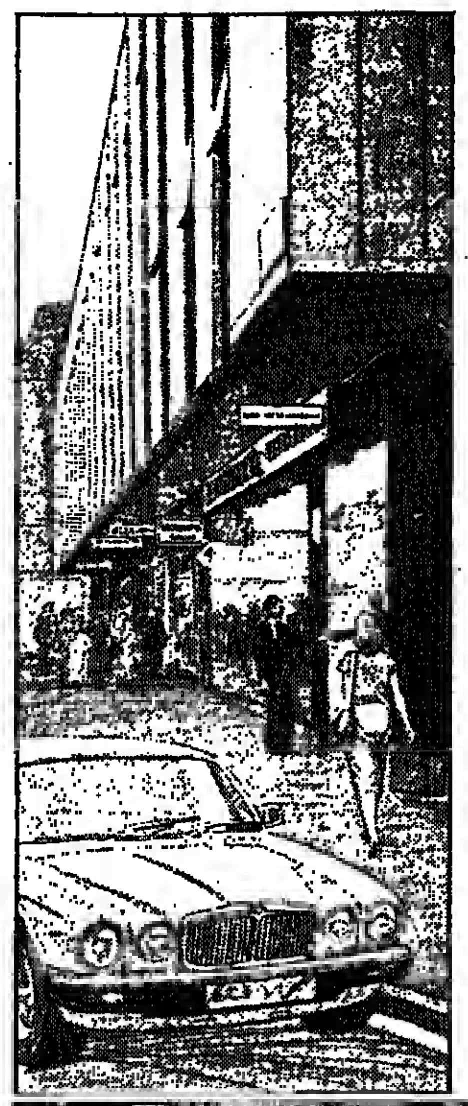
CLAYTON SON

The pre-tax profit of Clayton Son and Company (Holdings) for 1979 included £42,750 from associates compared with a loss of £71,466 in 1978. The tax charge was £447,425.

A commitment to seek profitable growth worldwide

Extracts from Mr. Daniel Meinertzhagen's Statement.

The Annual General Meeting of Royal Insurance Company Limited will be held in Liverpool on 14th May, 1980.



Summary of Consolidated Results

	1979 £m	1978 £m
General Insurance Premiums Written	1,225.1	1,220.1
Earnings		
General Insurance Underwriting Result	–16.5	25.4
Investment Income on Stockholders' and General Insurance Funds	133.0	120.7
Stockholders' Long-term Insurance Profits	7.7	4.4
Share of Associated Companies' Profits	7.3	2.5
Profit before taxation	131.5	153.0
UK and Overseas Taxation	56.8	64.5
	74.7	88.5
Balance of Stockholders' Long-term Insurance Profits 1975/78	7.2	—
	81.9	88.5
Minority Interests	0.9	0.3
Net Profit attributable to the Company (per 25p unit of stock)	81.0 (53.9p)	88.2 (58.7p)
Appropriations		
Dividends		
Supplementary for previous year	—	0.2
Interim	12.4	10.9
Proposed Final	20.0	17.3
	32.4	28.2
Total (per 25p unit of stock)	32.4 (21.5p)	28.4 (18.9p)
Provision for Employee Share Scheme	—	0.4
Transfer to Retained Profits	48.6	59.4

1979 Results

The total profit before taxation for 1979 fell by £21.5m to £131.5m reflecting a marked downturn in the underwriting result for the year which was a loss of £16.5m compared with a profit of £25.4m in 1978. A contributory factor to the turnround was the abnormally high level of weather losses. We estimate that these exceeded even the relatively heavy weather losses of 1978 by some £15m, the major part of the increase coming from the United States, United Kingdom and Caribbean.

Competition has remained strong — indeed in some areas it might appear irrational — and we have continued to maintain our policy of resistance to excessive rate cutting. Whilst we are fully aware that this policy has led to some restraint on the rate of increase in our premium income in particular areas and classes of business, we nevertheless firmly intend to maintain our position overall as a leading international company by active development of business wherever we see prospects for profitable growth.

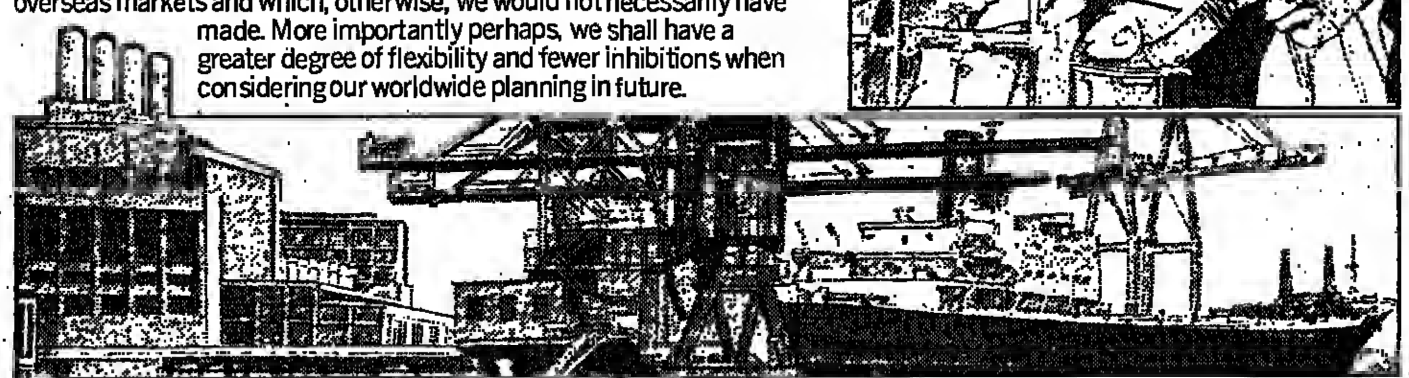
In contrast to the underwriting deterioration, which was not peculiar to our company but affected most of the major insurance markets in the world, we secured a satisfactory growth in investment income from £120.7m to £133.0m, an underlying increase of 18.3% after excluding the effect of exchange rate movements. This, together with good increases in the contributions from long term insurance and from associated companies, produced a not unreasonable profit before tax of £131.5m.

Dividend Recommendation

A final dividend of 13.25p per 25p unit of stock is being recommended, making a total for the year of 21.5p representing an increase of 14.5%. As our record shows we are a company which has a progressive dividend policy. Our ability to pursue this policy must, however, be consistent with the need to maintain a sufficient level of capital and free reserves to support a growing business and this means retaining a substantial proportion of our profits in the company. In 1979 the overall result was such that we were able not only to maintain our dividend policy but also to transfer £48.6m to reserves.

Exchange Control

Whilst the exchange control authorities in the United Kingdom have always been most understanding towards the needs of insurance companies because of the valuable contribution they make to the United Kingdom balance of payments, I welcome the total abolition of the regulations. This has enabled us to repay some of the foreign borrowings which, under those regulations, we made for the purpose of expanding in overseas markets and which, otherwise, we would not necessarily have made. More importantly perhaps, we shall have a greater degree of flexibility and fewer inhibitions when considering our worldwide planning in future.



Life Business

The life fund will be valued annually from 1980 instead of triennially. To pave the way for this change we carried out a transitional valuation covering two years 1978 and 1979. The change to an annual basis will give both our policyholders and stockholders the benefit of the most up-to-date valuation and declaration of surplus from our increasingly important life operation. We strongly support the continuing practice of successive Governments of allowing policyholders to receive tax relief on those life assurance policies that are maintained in force for a reasonable number of years and which are designed to provide life assurance protection and long term savings.

The Changing Environment

At the start of a new decade it is appropriate to reflect on the 1970's. For Royal Insurance, and the insurance industry as a whole, it has been an era of tremendous change. On the political front we have suffered from nationalisation and faced growing nationalism in some parts of the world. There has been an increase in governmental involvement from rate-making processes and a growth of regulation of our business. At the same time the boundaries between private and state insurance have shifted, generally in the direction of the latter.

An important aspect of social change has been the growth of consumerism. This we have learnt to live with but we are disturbed by the general lowering of standards of conduct reflected by increases in crime such as burglary, vandalism and arson. This change in behavioural pattern has, I believe, had a more profound effect on our business than may have been generally recognised.

Furthermore, economic circumstances have meant that we have had to operate in an environment where inflation has at times accelerated rapidly and in the last few years in many parts of the world has reached unprecedentedly high levels.

The fact that our Group has been able to respond successfully to these challenges and has emerged well placed to face the future is due in no small part to the firm and dedicated leadership of Mr K M Bevins who has been our chief general manager for the past ten years. I am sure stockholders will join me in wishing him a happy retirement from this exacting post. I am glad we shall continue to benefit from his advice as a non-executive director.

The outlook for the 1980's would suggest that they will prove to be no less difficult and we are fortunate that in our new chief general manager, Mr J J Howard, and his executive colleagues we have a team which will be more than equal to the challenge.

Staff and Agents

I would also like to take this opportunity on behalf of stockholders and the Board to thank our staff for their readiness to participate fully in the changes which have taken place. It is our objective to run a successful insurance business. The cornerstone of this objective is the knowledge and experience of our management, staff and agents around the world whose dedication and enthusiasm is our most valuable asset.

Royal Insurance

Please send me a copy of the Report and Accounts for the year ending December 31st, 1979.

Name ______________________

Address ______________________

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To: Registrar's Dept., Royal Insurance Company Ltd., New Hall Place, Old Hall Street, Liverpool L69 3EN.

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NORTH AMERICAN NEWS

McDonnell Douglas earnings decline in first quarter

ST. LOUIS — McDonnell Douglas said that first quarter earnings were adversely affected by continued high development costs for the DC-9 Super 80 airliner and the military tanker version of the DC-10.

The company yesterday reported a decline in first quarter earnings to $43.41m, $1.10 a share, from last year's corresponding $45.39m or $1.16 a share. Sales were unchanged at $1.4bn.

An additional provision for losses on the KC-10 military tanker has been made due to higher than expected costs, which were partially due to a decline in delivery of commercial DC-10s.

Total backlog at March 31 was $11.7bn, up from $10.6bn a year earlier, and comprised 41 per cent commercial orders and 59 per cent Government, compared with 40 and 60 per cent respectively last year.

Orders at March 31 for the DC-9 stood at 1,047 with 42 options for a total of 1,089 of which 938 have been delivered.

Firm orders for the DC-10 stood at 356 with another 31 options, for a total of 387 of which 310 have been delivered. The company said the break-even point on the DC-10 is 400 aircraft.

The company delivered 11 DC-10s in the first quarter, compared with 10 in the year earlier quarter. New DC-10 orders fell to four from 12 a year ago, and the company said it expects a reduction in DC-10 deliveries for 1981.

Firm orders plus options for the DC-9 Super 80 exceeded 100 in the first quarter. Super 80 development and production costs are expected to decline when deliveries begin in the third quarter.

Reuter

Margins tighten at Armco

BY DAVID LASCELLES IN NEW YORK

ARMCO, the first large U.S. steelmaker to report this quarter, said yesterday that its earnings had declined despite a small improvement in the value of its sales.

Operating income was $44.4m or $0.96 per share, down 24 per cent on the $58.4m or $1.27 earned in the same period last year. Sales rose 10 per cent from $1.22bn to $1.35bn.

Much of the drop was due to weak demand from the automotive industry for flat-rolled steel. Armco said operating income from carbon steel fell to $27.4m from $43.4m a year ago, and speciality steel income fell to $18m from $25.6m.

Mr. Harry Holiday, the company's chief executive, said he did not see any significant improvement in demand for flat-rolled steel until the fourth quarter of this year. He also warned that rising energy costs and the recent wage settlement would make it difficult for the company to live within President Jimmy Carter's price guidelines.

However, Armco benefited from improved results from its diversified businesses. Oilfield and oil production sectors had operating income of $44.7m, up from $28.8m. Mineral resources rose from breakeven in the comparable period to $3.8m. Armco also noted that its oil tubular business is operating at full capacity, reflecting the new oil drilling boom in the U.S.

The world truck manufacturing industry is bracing itself for a period of recession and rising costs. KENNETH GOODING, Motor Industy Correspondent, reviews the outlook for Volvo of Sweden while JOHN GRIFFITHS examines International Harvester's plans

Volvo aims for further expansion

THE 1980s will be a period of growth for Volvo's truck business, and annual spending on product development alone will be at least SKr 500m ($115m) at 1979 prices, said Mr. Pehr Gyllenhammar, managing director, during a visit to London.

Not included in the total is the SKr 120m ($27.7m) for a new assembly plant on the existing site at Tuve, near Gothenburg expected to come on stream by the end of 1981.

The new plant, which will have a capacity of about 6,000 trucks a year, will replace one of the assembly halls at the main truck facility at Lundby and the transfer is the first step in moving all production facilities from the Lundby area where trucks have been produced since 1928.

Mr. Gyllenhammar pointed out that Volvo's strategy for its truck operations, developed through the 1970s, had now begun to bring results.

There had been heavy spending on product development, at the rate of 8 to 10 per cent of sales, so that by the middle of 1979 the truck range had been replaced and no model was more than five years old.

"We feel we can sustain that rate of spending on product development, or at least continue at between 6 and 10 per cent of sales and that takes no account of expenditure on plant and equipment," commented Mr. Gyllenhammr.

Volvo had also seen the need for a better distribution of markets outside Sweden and believed the best potential was in Europe, the U.S. and some of the emerging industrialised countries.

In the 1970s, the group made major inroads in the truck markets of both France and the UK and, more recently, Italy and is now making determined efforts in West Germany. It had set up a marketing deal with Freightliner in the U.S. for that company, with its 200 sales and service points, to sell Volvo trucks in the U.S. and Canada.

And it had selected Brazil, among the developing industrialised countries, as the suitable choice—"although we may have arrived too late there," admitted Mr. Gyllenhammar. The Brazilian plant near Sao Paulo has just come on stream with bus production and truck assembly due to begin in the autumn this year.

As a result of all this, "the 1980s will be a period of take-off for the truck operations, not just a period of consolidation."

But Mr. Gyllenhammar would not be drawn into giving an estimate of the growth rate expected.

Volvo would resist the trend which has seen truck makers in Europe join together in joint projects to produce components, he added. "We feel one of our strengths is that we design and produce our own components for our own trucks." The group was producing components in reasonable volumes by the industry's standards — 45,000 heavy diesel engines a year for example.

Mr. Gyllenhammar was in London to meet investment managers because Volvo is actively looking for more international investment in its shares. They are the most widely held on the Swedish stock market, which leaves little extra potential there. For some years the group has been quoted on the London, Hamburg, Frankfurt, Dusseldorf and Swiss exchanges.

The time is ripe for renewed interest because the future of Volvo's car business now appears to have been satisfactorily settled via the deal with Renault of France. This involves the two companies jointly developing car components and will almost certainly lead to Renault taking a 20 per cent stake in Volvo's car business — but only the car operations — for around £36m.

The car and truck operations accounted for nearly 80 per cent of Volvo's SKr 23.472bn sales last year and the group aim to spread its interests wider by moving into the energy sector.

"The potential is very big because the energy market — not just that for oil — has a big potential," declared Mr. Gyllenhammar.

So far Volvo has:

(1) Bought a concession for exploration on the Norwegian Continental shelf.

(2) Become a 33 per cent partner in the International Energy Development Corporation which will become involved in the exploration and development of energy resources in developing countries and initially will concentrate on oil and gas exploration and production. Volvo's partners in this Geneva-based company are Sulpetro of Canada and AZL Resources of the U.S.

(3) Taken a minority interest in an offshore equipment manufacturer. Volvo might be able to use some of its existing manufacturing capacity to produce this equipment.

International Harvester in a European drive

THE U.S. farm equipment and truck maker, International Harvester (IH), is to decide by July 31 whether to take up a 35 per cent stake in Enasa, Spain's major commercial vehicle manufacturer. At the same time, it is planning to exercise soon an option to acquire 41 per cent of the shares in the Dutch truck maker Daf, in addition to the 33 per cent it already owns.

And in Britain IH's wholly-owned truck making subsidiary, Seddon Atkinson, it as work broadening its model range and investing in new plant and facilities at its Oldham and Preston bases in Lancashire.

All three activities represent the potential springboards by which IH plans to launch itself as a pan-European force in the truck business, in time for the next expected upsurge in the European truck market—now heading into recession—and Spain's accession to the EEC.

But the implications of IH's plans extend beyond the three companies immediately concerned.

Since last autumn, Daf has been negotiating with PSA Peugeot Citroen on possible co-operation with the Dodge trucks business which Peugeot Citroen picked up as part of its deal with Chrysler. Daf and IH have never got on particularly well together, and it appeared at one stage that IH might drop its Daf involvement in favour of its other alternatives. Its apparent intention now to try to play the Daf card as well, is at least partly responsible for the prolongation of the Daf-Dodge talks beyond the expected agreement at the end of last year.

There is still no certainty that agreement will be reached and a key part of that uncertainty concerns what role IH might play in any such agreement. But Mr. Robert Ratcliff, IH's senior vice-president for world truck marketing, has made clear that IH is prepared to inject substantial capital into any such venture.

The argument in favour of a co-operative deal are fairly clearcut. Europe's two truck majors, Fiat-controlled IVECO and Daimler Benz, make 109,000 and 240,000 units a year respectively, and IVECO estimates that an annual output of 100,000 units is the minimum to achieve full economies of scale.

By contrast, Daf makes about 15,000 units a year, Dodge about 30,000 and Seddon Atkinson 5,000 to 6,000. Dodge, in particular, needs new products quickly, but the $660m-plus costs of bringing a new truck to market from scratch are daunting unless they can be spread over precisely the higher volumes which a co-operative deal could provide.

A co-operative deal would not necessarily stop there; it is envisaged that a number of other European makers could join in, sharing costs, retaining their shares of domestic markets but in a position to fight in third world markets.

The Spanish deal is important to IH in that, in addition to taking management and production control of Enasa's Pegaso trucks, it would also set up — through a new company 65 per cent owned by IH and 35 per cent by INI, the Spanish State holding company—a £50m plant to produce up to 100,000 engines a year. The plant would make about 70,000 a year of the DT-466 engine, a unit used in two forms by Seddon Atkinson as well as in IH construction and farm equipment.

Not only would it supply Europe, it could also relieve some of the heavy demand for the engine in the U.S. where IH has some 31 per cent of the truck market and where 80,000 units a year are sold, with lengthy waiting lists. In addition, the deal would give access to production of up to 30,000 a year of Pegaso's 12-litre heavy truck engine, not only for Europe but in the U.S. where the IH is the biggest user of such units.

IH sees it as a competitor to Cummins, Rolls-Royce and other heavy duty units, and according to Mr. Ratcliff, "It could gain a lot of the market." But it would have to be competitive on price, performance and durability." That applies to Enasa overall. The company lost some £5m ($11m) last year and IH would face substantial problems of product development and component sourcing. Any such deal would require the Spanish Government to cover Enasa's losses at least in the short term, the trade-off being that Spain would enter the EEC with a competitive truck industry— "otherwise, Spanish entry could be more of a disaster than a success."

The deal would also give IH valued access to the Andean Pact countries. IH lost its own bid to set up production in Venezuela under an Andean Pact agreement, whereas Enasa succeeded.

"There is still a possibility the deal won't work out," says Mr. Ratcliff, "nevertheless it is a prospect about which we are excited."

Mr. Ratcliff points out that, "if one adds up Pegaso, Daf (possibly also Dodge) and Seddon Atkinson, you start to arrive at impressive numbers with distribution already in place."

But whether IH arrives in Europe through the UK, Daf, Spain or a combination of all three, it envisages that some $165m would have to be spent in rounding out a network of retail outlets, dealer support—quite apart from direct spending on products and production.

It is an investment which IH appears ready and willing to make.

AMERICAN QUARTERLIES

AIR PRODUCTS & CHEMICALS

	1980 $	1979 $
Second quarter		
Revenue	378.0m	299.3m
Net profits	34.2m	24.5m
Net per share	1.21	0.87
Six months		
Revenue	695.4m	574.8m
Net profits	65.2m	46.4m
Net per share	2.30	1.65

ALBERTO-CULVER

	1980 $	1979 $
Second quarter		
Revenue	57.8m	48.0m
Net profits	1.14m	956,000
Net per share	0.28	0.23
Six months		
Revenue	107.0m	91.2m
Net profits	1.93m	1.59m
Net per share	0.47	0.38

AMERICAN CAN

	1980 $	1979 $
First quarter		
Revenue	1.15bn	1.04bn
Net profits	18.3m	23.5m
Net per share	0.91	1.18

AMERICAN HOME PRODUCTS

	1980 $	1979 $
First quarter		
Revenue	1.02bn	918.85m
Net profits	113.5m	101.04m
Net per share	0.72	0.64

AMSTAR

	1980 $	1979 $
Third quarter		
Revenue	323.2m	254.8m
Net profits	4.99m	3.77m
Net per share	0.53	0.39
Three months		
Revenue	900.6m	793.8m
Net profits	14.6m	11.2m
Net per share	1.54	1.15

ARMCO

	1980 $	1979 $
First quarter		
Revenue	1.35bn	1.22bn
Net profits	62.14m	58.38m
Net per share	1.36	1.27

B.C. FOREST PRODUCTS

	1980 C$	1979 C$
First quarter		
Revenue	184.8m	178.3m
Net profits	14.8m	22.9m
Net per share	0.97	1.50

BAUSCH & LOMB

	1980 $	1979 $
First quarter		
Revenue	133.8m	116.5m
Net profits	11.09m	8.06m
Net per share	0.93	0.68

BELL & HOWELL

	1980 $	1979 $
First quarter		
Revenue	139.8m	122.1m
Net profits	4.22m	3.58m
Net per share	0.75	0.84

BOMBADIER INC.

	1980 C$	1979 C$
Fourth quarter		
Revenue	111.3m	130.4m
Net profits	4.4m	4.8m
Net per share	1.10	1.26
Year		
Revenue	375.5m	384.7m
Net profits	11.8m	11.0m
Net per share	3.01	2.83

COLLINS & AIKMAN

	1980 $	1979 $
Fourth quarter		
Revenue	152.7m	153.1m
Net profits	2.73m	8.59m
Net per share	0.22	0.53

COMMUNICATIONS SATELLITE

	1980 $	1979 $
First quarter		
Revenue	70.0m	60.0m
Net profits	9.89m	11.9m
Net per share	1.24	1.49

DILLON COMPANIES

	1980 $	1979 $
Third quarter		
Revenue	519.6m	440.6m
Net profits	8.0m	8.05m
Net per share	0.50	0.50
Nine months		
Revenue	1.51bn	1.32bn
Net profits	20.05m	24.3m
Net per share	1.24	1.31

EASTERN GAS & FUEL

	1980 $	1979 $
First quarter		
Revenue	288.6m	243.2m
Net profits	17.84m	15.44m
Net per share	0.82	0.73

FABERGE

	1980 $	1979 $
First quarter		
Revenue	47.1m	46.1m
Net profits	674,000	282,000
Net per share	0.12	0.05

FIRST MISSISSIPPI

	1980 $	1979 $
Third quarter		
Revenue	42.1m	36.1m
Net profits	4.49m	2.01m
Net per share	0.52	0.24
Nine months		
Revenue	147.6m	107.8m
Net profits	12.33m	†295,000
Net per share	1.44	†0.03

† Loss

FUQUA INDUSTRIES

	1980 $	1979 $
First quarter		
Revenue	491.0m	464.2m
Net profits	10.7m	10.2m
Net per share	0.81	0.78

GENERAL SIGNAL

	1980 $	1979 $
First quarter		
Revenue	363.6m	322.4m
Net profits	22.66m	18.57m
Net per share	0.95	0.79

B. F. GOODRICH

	1980 $	1979 $
First quarter		
Revenue	767.5m	716.8m
Net profits	20.3m	26.4m
Net per share	1.20	1.57

W. R. GRACE

	1980 $	1979 $
First quarter		
Revenue	1.4bn	1.2bn
Net profits	65.09m	57.07m
Net per share	1.41	1.26

W. W. GRAINGER

	1980 $	1979 $
First quarter		
Revenue	176.4m	153.7m
Net profits	8.74m	9.22m
Net per share	0.62	0.65

G. HEILEMAN BREWING

	1980 $	1979 $
First quarter		
Revenue	174.5m	103.5m
Net profits	5.64m	4.19m
Net per share	0.65	0.48

IDEAL BASIC INDUSTRIES

	1980 $	1979 $
First quarter		
Revenue	86.0m	79.2m
Net profits	12.24m	11.48m
Net per share	0.91	0.87

FRED S. JAMES

	1980 $	1979 $
First quarter		
Revenue	48.7m	40.1m
Net profits	5.6m	5.1m
Net per share	0.69	0.59

JOHNS-MANVILLE

	1980 $	1979 $
First quarter		
Revenue	545.2m	479.3m
Net profits	12.98m	14.11m
Net per share	0.58	0.63

McGRAW-EDISON

	1980 $	1979 $
First quarter		
Revenue	563.4m	200.8m
Net profits	11.3m	13.5m
Net per share	0.69	0.82

MEDIA GENERAL

	1980 $	1979 $
First quarter		
Revenue	79.7m	63.7m
Net profits	6.57m	4.76m
Net per share	0.91	0.64

MIDDLE SOUTH UTILITIES

	1980 $	1979 $
First quarter		
Revenue	502.0m	401.6m
Net profits	48.14m	5.25m
Net per share	0.53	0.60

MUNSINGWEAR

	1980 $	1979 $
First quarter		
Revenue	38.8m	34.7m
Net profits	1.62m	1.15m
Net per share	1.22	0.87

NORFOLK & WESTERN RLY.

	1980 $	1979 $
First quarter		
Revenue	371.2m	327.0m
Net profits	48.4m	46.6m
Net per share	1.55	1.49

NORTH AMERICAN COAL

	1980 $	1979 $
First quarter		
Revenue	89.1m	85.4m
Net profits	4.65m	3.35m
Net per share	1.40	1.01

PARKER HANNIFIN

	1980 $	1979 $
Third quarter		
Revenue	268.8m	238.3m
Net profits	18.81m	18.57m
Net per share	1.23	0.96
Nine months		
Revenue	755.9m	640.3m
Net profits	43.02m	36.57m
Net per share	2.81	2.41

WARNER COMMUNICATIONS

	1980 $	1979 $
First quarter		
Revenue	427.0m	435.1m
Net profits	35.0m	30.8m
Net per share	1.23	1.16

U.S. $120,000,000

International Westminster Bank Limited

Floating Rate Capital Notes 1984

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 22 April 1980 to 22 October 1980 the Notes will carry an Interest Rate of 16$^{15}/_{16}$% per annum. The interest payable on the relevant Interest payment date, 22 October 1980, against Coupon No. 7 will be U.S. $86·10

By The Chase Manhattan Bank, N.A., London Agent Bank

U.S. $20,000,000

The Industrial Bank of Japan, Limited London

IBJ

Floating Rate London-Dollar Negotiable Certificates of Deposit due 21st April, 1983

In accordance with the provisions of the Certificates, notice is hereby given that for the six month Interest Period from 21st April, 1980 to 21st October, 1980 the Certificates will carry an Interest Rate of 17% per annum. The relevant Interest Payment Date will be 21st October, 1980.

Credit Suisse First Boston Limited Agent Bank

INTERNATIONAL BONDS

Dollar issues advance on sustained demand

BY FRANCIS GHILES

TWO DOLLAR denominated Eurobonds were launched yesterday, a $100 seven-year straight issue for Canadian Export Development Corporation, through Credit Suisse First Boston, and a $30m five-year floating rate note for the state-controlled Portuguese bank, Banco Pinto and Soto Mayor.

At the same time, the $50m 15-year convertible which S. G. Warburg launched last week for American Medical International was postponed. The issue, which carries a coupon of 8 per cent, did not meet with a good reception, something the lead manager ascribed to the weakness of the stock market in New York.

A further issue, for Canadian Imperial Bank of Commerce, denominated in Canadian dollars and carrying an indicated coupon of 13¼ per cent for five years, is believed to be imminent.

Demand for dollar denominated fixed interest rate bonds remains good and prices advanced by more than one point yesterday morning. Profit taking later in the day cut this advance back to around ¾ of a point on the day.

The strength of investor interest was felt by dealers to be a result both of the large advance recorded in the New York bond market late on Friday afternoon and to the continuing fall in interest rates. Six-month Eurodollar rates dropped by $\frac{5}{16}$ to 15$\frac{11}{16}$ per cent yesterday while the 12-month rate shed ½ per cent to reach 14$\frac{11}{16}$ per cent.

The Canadian Export Development Corporation bond carries of 12¾ per cent and the bonds are priced at par. The borrower cannot call the issue before 1985. The interest rate on the Portuguese FRN, which is also managed by CSFB, is ¾ per cent over the six-month Libor with a minimum coupon of 6¾ per cent.

In the hard currency sector, prices of Deutsche Mark foreign bonds moved up by around ½ of a point while Swiss franc bond prices were essentially unchanged.

A Sw.Fr. 20m five-year private placement for the Council of Europe has been arranged by Banco del Gottardo. It carries a final coupon of 7¼ per cent and is priced at par.

Barbados courts banks

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE GOVERNMENT of the Barbados has launched a campaign to turn the tiny Caribbean island into an off-shore banking centre. A new law to facilitate this, the 1979 Off-Shore Banking Act, has recently been enacted. Now Mr. John Adams, the country's Prime Minister, and central bank officials are touring world banking centres in an effort to attract the major banks of the world to open offices in Barbados.

Mr. Adams said in London yesterday that he hoped to see another six banks opening offices in Barbados within the next two years. He believed these would be major British and U.S. banks. At present, Barbados has branches of Royal Bank of Canada, Barclays, Canadian Imperial Bank of Commerce, Bank of Nova Scotia, Chase Manhattan and Citibank operating on the island.

Mr. Adams told bankers in London that Barbados would carefully scrutinise all applications to open bank offices on the island. The country only wanted banks of the highest reputation. c7vBritish merce

Alcan doubts on U.S. market

By Robert Gibbens in Montreal

ALCAN ALUMINIUM earned $148.4m, or $1.83 a share, in the first quarter of this year, against $96.7m, or $1.19, on revenues of $1.3bn against $1.08bn.

The company expects continuing strong demand in the second quarter though some uncertainties may develop in the second half resulting from a downturn in some segments of the U.S. market.

White Motor reverse

More gloomy motor industry figures were reported by White Motor, the U.S. heavy truck and equipment maker, John Makinson writes in New York. The group made a first quarter loss of $9.2m, compared with a net profit of $6.7m for the first three months of 1979.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on April 21

U.S. DOLLAR STRAIGHTS; DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS

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Veba lifts sales by 25% in first quarter

BY KEVIN DONE IN FRANKFURT

VEBA, West Germany's largest industrial group, increased turnover by 25.6 per cent in the first quarter of the year to DM 10.2bn compared with DM 8.2bn in the first three months of 1979.

Sales were boosted by both bigher prices and increased volume, but the gronp's profitability failed to keep pace. Pre-tax profits in the first quarter rose by only 3.4 per cent to DM 391m.

Veba said yesterday that the profits of its electricity supply division had shown no increase over last year, while tbe profitability of its oil sector had fallen below the level achieved in the first three months of 1979. Further increases in the cost of crude oil and the added costs imposed by the rise in the value of the dollar had been only partially passed on

The clearest progress in the first quarter was made by Veba's cbemicals, trading and transport divisions. Despite some weakness in March, the results of the chemicals division were well ahead of the corresponding quarter in 1979, and cbemicals sales rose by 34.9 per cent to DM 1.8bn.

Despite weakness in some centres, Veba said it expected a satisfactory result for the rest of 1980.

Last year it increased group pre-tax profits by 75 per cent to DM1.5bn on total sales of DM36.7bn.

Veba's own crude oil production rose by some 13.7 per cent in tbc first quarter to 473,000 tonnes compared with 416,000 tonnes in the same quarter of 1979—its sole sources are the Thistle Fleld in the North Sea, and Libya — but this still accounts for ooly a small part of its crude oil needs.

Larger purchases of oil products on the spot market allowed Veba to drop tha amonnt of crude oil processed by 6.8 per cent to 3.6m toones in tha first three months of 1980 compared with 3.9m tonoes

The volume of light oil product sales rose by 9.6 per cent to 1.1m tonnes, wbile middle distillate product sales, such as beating oil, fell by 4.9 per cent to 2.2m toones, and heavy oil products sbowed a marginal rise to 1.3m tonnes.

Veba's glass-making division is still suffering a small loss, but it bas started to show the benefit of a far-reaching reorgansation. The value of glass sales rose by 18.5 per cent to DM 139m, despite a 1.5 per cent fall io volume.

The trading sector enjoyed a substantial rise in activity in the first quarter with sales rising by 33.8 per cent to DM 3bn, and accounted for nearly 30 per cent of group turnover.

Veba's crude oil supply agreement with British Petroleum for the supply of 3m tonnes of crude a year—the contract came into operation at the beginning of 1980—is not expected to be fully used tbis year.

BP is still prepared to supply the full 3m tonnes a year, but asubstantial proportion would bave to be bought on the spot market at higher prices than crude bougbt under contract. Veba bas gone a long way to secure its supplies itself througb a new contract witb Saudi Arabia for an extra 3.3m tonnes a year, and it is expected that it will take only abont 1.5m tonnes off BP in the current year.

Belgian rail group doubles earnings

By Giles Merritt in Brussels

CIE INTERNATIONALE des Wagons-Lits et du Tourisme, the major Belgian-based railway services, catering and botels group, bas announced a sbarp improvement in profits for 1979 and is proposing a substantially increased dividend.

Net earnings have almost doubled to BFr 206m ($6.6m) from BFr 109m in 1978, and the dividend is being raised to BFr 60 a share from BFr 40.

The results mark a further strong surge in Wagons-Lits' profits, for the 1978 net profits compared with BFr 64.7m in 1977.

Although Wagon-Lits' activities remain based on its railway sleeping car and railway services activities, which date back to 1876, it is its growing diversification into tourism, botels and catering through a network of subsidiary oparations that now accounts for its satisfactory performance.

Total sales, in which subsidiaries contributions are are eonsolidated, last year rose to BFr 34bn from BFr 29.7bn in 1978. Wagon-Lits' railway, catering and botel turnover in 1979 totalled BFr 8bn, with subsidiaries' activities raising the consolidated gronp turnover in those three divisions to BFr 13.6bn for the year.

The Wagon-Lits tourism division recorded sales of BFr 17.4bn last year, with subsidiary operations bringing the gronp's tourism turnover to BFr 20.5bn.

Usinor spells out eight-month loss

BY TERRY DODSWORTH IN PARIS

USINOR, THE Frencb nationalised steel company, ran up losses of FFr 933m ($217m) during its last fioancial reporting period which ran for eigbt months from May to the eod of December.

The losses were in line with earbier forecasts from the group, wbose sales for the wbole of 1979 were around FFr 15.8bn. Usinor has a targat of reaching break-even point io 1981, but bas said that the costs of carrying out the Governmeot-sponsored reorganisation programme will entail a further deficit this year.

In the previons 18-mooth period running up to last May, Usinor suffered losses of FFr 2.5bn.

The deficit was reached after charging FFr 766m for interest and other finaocial costs, FFr 849m for depreciatioo, and FFr 354m for extra provisions.

Usinor adds that the additional provisions bave been made for the costs of redundancy payments and other financial help for steelworkers wbo will be losing their jobs as a result of the group's reorganisation.

Part of the costs of future investments in the company's blast furnaces have also been taken into this year's charges.

Under the ratiooalisation plan for the Frencb steel industry, Usinor was merged with the number three producer, Chiers Cbatillon, to produce the country's largest steel manufacturer. Its reorganisation this year has involved beavy redundancies and bas also taken in the absorption of the Rehon plant in eastern France previously owned by Cockerill, the Belgian steel company.

● Nobel Bozel, tbe chemicals and pharmaceuticals group, bas bounced out of the red for 1979 and expects to extend its recovery into the current year.

Against a loss of FFr 116.7m in 1978, the group bas returned to profits with net earnings of FFr 60.3m. For 1980 profits are expected to be sbarply bigher, M. Claude-Alain Sarre, the chairman, told a Press conference yesterday.

Casbflow this year should be around 15 to 20 per cent bigher and the increase io profits should be greater than this, he said. But no divideods are expected for several years because of beavy accumulated losses.

The company's borrowings are "too bigh and at least three years will be needed to reconstitutereserves . In order to obtain funds Nobal is oegotiating with Frencb aod foreign interests with a view to selling its explosive sector. This sbould be concluded within three to six months, M. Sarre stressed.

Setback for Norwegian yard

BY FAY GJESTER IN OSLO

AKER, the Norwegian shipbuilding and offshore fabricating group, bad an operating loss of NKr 15.8m ($3m) last year, compared with an operating prefit of NKr 158.9m in 1978, despite an increase in turnover to NKr 3.7bn from NKr 3bn a year earlier. For the sixth year running, no dividend is being paid.

Mr. Gustav Helberg Simonsen, the managing director, said that the poor results were due to the fact that the concern bad deliberately accepted loss-making contracts last year, in an attempt to maintain employment. In addition, it had inadvertently lost money on certain other contracts—most for the offsbore industry — because it had under-estimated the amount of work required.

The policy of accepting nnprefitable contracts bad reflected Aker's wish to hnld on to qualified workers, in the expectation that the market for its products would improve with the forthcoming increase in activity on Norway's continental sbelf. "Perhaps we averdid it," Mr. Heiberg Simonsen commented.

On the other hand, be believed Aker was now more experienced in negotiating contracts witb the oil companies, thereby securing a fairer price. Recently-concluded contracts looked like being more profitable than 1979 orders, and there was a "good chance" that this year's result would ba better than last year's.

Much would depend on whether the pace of development on Norway's sbelf was going to be significantly slowed as a result of the Alexander Kielland platform accident. At the same time, a decision by the Government to demand more frequent inspections of floating structures, could lead to increased orders for the group's offshnre contracting services.

Aker's faith in its own floating platform design, the H-3, had not been shaken by recent events, Mr. Heiberg Simonsen said. On the contrary, recent studies had strengthened its conviction that the design was robust.

He welcomed the Norwegian Government decision, announced on Friday, to approve more favourable financing terms for rigs ordered by Norwegian owners from Norwegian yards. The fact that rigs would now be eligible for long-term financing on tbe same terms as ships, would stimulate orders for new units.

Cancellation fees for tanks which should bave been delivered last year accounted for about NKr 80m of the group's 1979 income (NKr 108m in 1978).

The group's net result, after special itema and year-end appropriations is a deficit of NKr 3.9m compared with a deficit of NKr 12.5m ln 1978.

Activities continued to be deployed away from sbipbuilding wbich last year accounted for 17 per cent of group capacity compared with 26 per cent a year earlier. Offshore fabricating work accounted for 19 per cent (21 per ceot) while contracting work undertaken offsbore accounted for 27 per cent (20 per cent).

On Marcb 1 Aker had orders in band worth NKr 2.2bn and most of the group's companies could look forward to full employment througb 1980.

IMM seeks to trade in Euro-deposit futures

BY PETER MONTAGNON

IN A move which could have significant implications for the syndicated credit market, the Internatiooal Mooetary Market said it bas applied to the U.S. Commodity Fotures Trading Commissioo for permission to trade futures contracts in three-mooth Eurodollar deposits.

The applications, if successful, would allow borrowers to keep much closer control on their costs by hedging against interest rate movements for periods of up to two years. At the same time lending banks would be much more flexible in funding their international business, according to IMM officials in Loodon.

The proposal provides for individual Eurodollar contracts with a face valua of $1m. Delivery would be either a Eurodollar time deposit or certificate of deposit.

Quotations woulb be based on the discounted rate for deposits so that a deposit rate of 7.2 per cent would be quoted at 92.8. The minimum fluctuation would be 0.01 points and the maximum 0.60 points daily.

At the same time the IMM ahs also applied for permission to trade a futures contract in domestic U.S. certificates of deposit.

The new contracts "will significantly broaden our participatioo in interest rate futures wbere we already have contracts in 90-day one-year Treasury bills and four-year Treasury notes," said Mr. Clayton Yeutter, Cbicago Merantile Excbange President.

The IMM officials added that trading volume in the new contracts would grow rapidly as is shown by the experience of the Treasury bill future contracts introduced four years ago.

In February, the face value of tbe average daily turnover was $12bn, a level of activity whicb far exceeds the volume of the underlying spot market.

Matra raises payment

9Y DAVID WHITE IN PARIS

MATRA, THE Freoch missle, electronics and car body group, is raising its divideod by a third and offering a one-for-three scrip issue after an increase in its parent company net profit last year to FFr 180.2m ($42m) from FFr 150.9m. The net dividend is being lifted to FFr 120 a share from FFr 90.

The company earlier announced provisional figures sbowiog a 39 per cent increase in coosolidated net profits to FFr 215m from FFr 155m. The main earnings growth is believed to bave come from the armaments sector. Three of Matra's recent acquisitions, the watchmaker Jaz, the telepbone receiver company Depapepe and carburettor manufacturer Solex, were omitted from the consolidated figures.

Euroc continues to cut costs

9Y VICTOR KAYFETZ IN STOCKHOLM

DESPITE stagnant markets both in Sweden and abroad, the building materials and industrial group, Euroc, predicts a higher pre-tax profit in 1980 than last year's SKr 70m ($16m).

The advance is expected to arise from a higher volume of non-construction products and continued cost-cutting.

Mr. Sten Lindh, managing director, writes in the annual report: "The group has had to concentrateon raising its market shares, opening new markets and operations and implementing structural and cost rationalisation on the plant and production."

Engineering and trading operations and the sale of technical know-how and turn-key plants are growing and profitable sectors, Mr. Lindh notes.

Demands for financial resources for some years to come are more likely to emanate from the effects of inflation on working capital rather than from tbe plant side. The tying down of working capital and the rate of capital turnover are thus already att be centre of Euroc's attention and will continne to be so.

● Growth prospects for Seloken, a beart-selective beta-blocker, remain very promising on the American market, says the annnal report of Astra, the Swedish pharmaceuticals group.

Astra writes that Seloken, now its second largest selling prodnct, was the biggest-selling beta-blocker in West Germany during 1979 and nearly doubled its sales in Britain and Austria.

Sales of the second-largest product category, local anaesthetics, rose by 12 per cent to SKr 351m ($80m), with the U.S. accounting for nearly SKr 100m. To meet growing competition from generic anaesthetics in the U.S., Astra will build a new automated factory there to produce sterile injectibles.

Sales of anti-asthma agents rose by 14 per cent to SKr 216m, while anti-infective drugs climbed 48 per cent to SKr 205m.

During the 1980s Astra bopes to achieve a "leading position" in psychopharmaceuticals by introducing new drugs. The subsidiary, Astra Meditec (formerly Astra Sjnco), maker of hospital supplies, will aim at expansion outside Scandinavia.

As reported earlier, Astra has entered a five-year marketing agreement in France with Searle, the U.S. pharmaceuticals group. Astra has also bougbt a 49 per cent stake in its Spanish sales agent, IFESA.

The group repeats its forecast that pre-tax profit will rise by 13-20 per cent

Sharp rise in turnover from Adia Interim group

BY JOHN WICKS IN ZURICH

THE ADIA Interim group last year increased turnover by 64 per cent and claims to be the second biggest temporary employment agency in the world. Turnover of Adia, which operates 445 offices in 12 different countries, rose from SwFr 379m to SwFr 621m ($359m).

The holding company, Adia SA, which last autumn offered 15,000 nf its bearer shares to the public, expects profits for the current year ending June 30 to be "fully up to expectations."

Last year the group placed a total of 191,962 temporary employees, some 32 per cent more than in 1978, and booked ao overall figure of 39.74m working bonrs, a rise of 34 per ceot. The year is said to bave beeu one of marked geographical expansion, particularly in Holland, where Adia controls the Keser Bebeer and Aktie 68 agency companies.

Strong growth at Intermax

Sy Nicholas Colchester

AFTER TAX profits of Intermex Group, the consortium bank owned by a group of Mexican and major Western banks, grew by 30 per cent last year to $5.56m. This was in line with the growth of the bank'a loan portfolio, but it was well short of the overall expansioo in the bank's balance sheet of 42 per cent to $627.2m.

One notable feature of the balance sheet was the rapid increase of time deposits with other banks and of Intermex'a boldings of CDs. These almost doubled to $109m. Mr. Gerard Legrain, managing director of the bank's London operation, explained that this was largely due to the recent improvement in Mexico's credit standing and the decision of the Mexican authorities to coocentrate upon longer term borrowings. This made short-term loans more difficult for Intermex to find.

The improved result allowed the bank to pay its shaerbolders their first dividend in Intermex'a six-year history, a total of $551.593. The accounts also show that Intermex's Luxembourg bolding company drew down £1m in money market deposits to make a corresponding increase in the sbare capital of the London operation, International Mexican Bank. This move is understood to have resulted, at least in part, from the Bank of England's emerging capital guidelines.

European bank survey

Some 300 European multinational companies will be asked for their views on banks and bankers in a special survey which is being undertaken by Greenwich Research Associates, the U.S. research house, in conjunction with Research Bureau of the UK, writes Michael Lafferty.

The survey will take place in eight European countries. It will focus on reasons why multinationals choose their banks for international business, with particular reference to cash management and foreign exchange.

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April, 1980

ARAB RE-INSURANCE PROJECT

Three states sign $3bn agreement

BY MARY FRINGS IN BAHRAIN

THE AGREEMENT to set up a multi-million dollar re-insurance company in Bahrain was signed over the weekend by Kuwait, Libya and the UAE. Qatar has not yet officially signified its intention of becoming a shareholder, but it is hoped that both Qatar and Saudi Arabia will join at a later date.

The company is to be known as the Arab Re-insurance and Insurance Group (ARIG). The taking up of the authorised capital of $3bn is guaranteed in equal shares, by the three founder states, and will be 5 per cent paid up initially.

Kuwait, Libya and the UAE are also in partnership in the Arab Latin American Bank (Arlabank), which opened an offshore banking unit in Bahrain earlier this year.

The Libyan representative, asked if ARIG had set a target for the amount of insurance business it hoped to attract, said that the only target was the protection of Arab interests. He added that the international insurance market had "no option but to co-operate with us." Lloyds, he said, had taken the initiative for many years. The time had come for Arab countries to look after their own commercial affairs.

He hinted at a further banking joint venture between the three governments, to be centred on the UAE. "There is no limitation to our co-operation in financial, commercial and industrial projects which will help to unite the Arab world," he said.

The Kuwaiti representative emphasised that the concept of ARIG was not to compete with Lloyds, but to protect Arab interests and to "share the cake." He declined to comment on whether ARIG would be able to undercut international insurance rates, but the UAE minister, Shaikh Hamdan, drew attention to Lloyds decision to increase war risk rates in the Gulf, in the light of current political developments.

Arig would be open for participation of all Arab countries, it was said after the signing.

The capital base and the commitment of the shareholders would furnish ARIG with one of the strongest financial backings in the insurance and re-insurance business in the world. It will fill a void in the Arab insurance industry, the participants said.

The founding members had realised the need for an Arab entity in the re-insurance field because this would lead to a better assessment and understanding of risk evaluation, and would allow Arab insurance companies to benefit more fully from the growing insurance business in the Arab world. This growth was the result not only of rising values in petroleum business, but also arose from import activities particularly relating to capital goods.

A four-man interim committee has been set up, pending the appointment of a board of directors for ARIG.

In another development, finance ministers of the seven Gulf Arab states, meeting in Doha last week for the general assembly of Gulf International Bank and four other pan-Arab organisations, promised full government support for the newly formed Arab war risk sydicate. The syndicate brings together 33 national insurance companies in the Gulf region, to handle both hull and cargo war risk cover for shipping using the Gulf.

Insurance officials in Bahrain said government guarantees of "not less than $150m" were sought by the syndicate, which would have enough funds from its own resources to provide working capital. Bahrain's Finance Minister said on his return it was too early to suggest how governments would co-ordinate with ARIG in this field.

Lloyd's of London has increased its war risk *insurance premiums for vessels loading in the Gulf.* An additional premium of 0.025 per cent is to be demanded for ships trading from this area (excluding Iran/Iraq). The extra premium for calls at Iraq will be 0.075 per cent, while calls at Iran will attract a premium increase of 0.1 per cent excluding U.S. ships, which are rated on individual application when seeking insurance on voyages to Iran. The new Arab company will not charge a war risk premium on the Gulf, the United Arab Emirates Finance Minister has said

Provisional liquidators for Nugan Hand

SYDNEY — Provisional liquidators have been appointed to Nugan Hand Limited, the equity division of the New South Wales Supreme Court said.

The liquidators were appointed following an application by Mr. Michael Hand, Nugan Hand director.

The appointment of the provisional liquidators, the Sydney accountants R. H. Smith and K. R. Shirlaw, follows an earlier decision by the Nugan Hand Bank to freeze all deposits pending a full audit of accouots, expected to be completed within two weeks.

According to the affadavit filed by Mr. Michael Hand, Nugan Hand Limited bas a deficiency of A$4m (equivalent to some *U.S.$4.4m). The company* bas liabilities of A$7m and assets of A$3m.

Reuter

Rights issue by Taiyo Kobe Bank

TOKYO—Triyo Kobe Bank, one of Japan's 13 city banks plans to make a rights issue of Y21bn (C$84m) to improve its oquity position and boost working funds.

The total, which will increase the bank's share capital to Y70bn, will include Y16.17bn of shares to be allocated to shareholders as at July 21 at par, Y50. This will be accompanied by a free issue totalling Y3.43bn to shareholders, while in additim Y1.40bn of shares at par value will be nffered through a public placement at market value.

This is the first increase in Taiyn Kore's share capital since its foundation through the merger of twn cnmmercial banks in October 1973.

Reuter

Earnings advance at Genting

BY WONG SULONG IN KUALA LUMPUR

GENTING BERHAD, the casino and hotel group, has reported a 14 per cent increase in pre-tax operating profit, to 50.4m ringgit (U.S.$ 22m) for the year to December.

Although the profits were the highest ever, the growth rate appears moderate in comparison with that of previous years. Last year, for example, Genting's earnings rose by over 60 per cent. As in previous years, Genting did not provide a breakdown of its earnings from its various activities, bnt the casino operations are likely to have contribnted the bulk of its profits, although the hotel sido has benefitted from higher patronage of its new 18-storey hotel.

Genting also reported an extraordinary gain of nearly 9m ringgit for 1979 (nil previously), from profits on the sale of a substantial part of its holding in Harrisons Malaysian Estates.

Until last year, Genting held about 9 per cent of Harrisons Malaysian Estates, derived from its stake in Golden Houe Plantations.

Genting built up its stake in Golden Hone four years ago, with the intention of taking over, but Harrisons blocked the move by merging Golden Hone with two other plantations to form HME. Genting last year sold a substantial part of its holdings.

Genting's bid for the three Kadoorie family-controlled estates is in the last stages of completion. The High Court in Hong Kong will hear the case, *now that the shareholders of* the companies, Amalgamated Estate, Shanghai Kelantan Rubber and Rubber Trust Estate, have voted for the 208m ringgit Genting offer. The three estates cover over 34,000 acres.

Genting is paying a 10 per cent final dividend, bringing the year's total to 15 per cent, against 12.5 per cent previously.

Sharp rise for TNT at nine months

SYDNEY — Thomas Nationwide Transport, the Australian-based transport group, increased its net profit by 87 per cent, from A$14.9m to A$27.9m (U.S.$30.6m) for the nine months to March 31.

The directors said that UK operations were satisfactory despite adverse economic conditions. Australian activities maintained the performance of the first half.

* * *

Grace Brothers Holdings, the Sydney-based retailer, moved against the general retailing trend in Australia with a 15.5 per cent profit rise in its latest half-year.

Profits for the six months to January 26, rose to A$9.60m (U.S.$10.5m), from A$8.36m in the same period of the previous year.

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For specialised information and advice, please contact:

Dr. M. Höbart
Tel (0621) 458341

Dr. R. Hauser
Tel (0621) 458467

BADISCHE KOMMUNALE LANDESBANK GIROZENTRALE
Augusta-Anlage 33 - D-6800 Mannheim 1 (West Germany)

IDB

IDB INTERNATIONAL N.V.
U.S.$30,000,000
Guaranteed Floating Rate Notes-1984
Unconditionally and irrevocably guaranteed as to payment of principal and interest by
ISRAEL DISCOUNT BANK LIMITED
For the six months
21st APRIL 1980 to 21st OCTOBER 1980
the Notes will carry an interest rate of 17% per annum.
Bankers Trust Company, London
Fiscal Agent

AMERICAN EXPRESS

AMERICAN EXPRESS INTERNATIONAL FINANCE CORPORATION N.V.
U.S.$40,000,000
Guaranteed Floating Rate Notes Due 1982
Extendible at the Noteholder's Option to 1985

Notice is hereby given that the Rate of Interest on these Notes for the Interest Period from 22nd April, 1980, to 22nd October, 1980, is 16⅞ per cent *per annum and that on 22nd October,* 1980, the Fifth Interest Payment Date, the Coupon Amount of US$ 85.78 will be payable upon presentation and surrender of Coupon No. 5. This notice is given pursuant to, and is subject to, the Terms and Conditions of these Notes.

EUROPEAN BANKING COMPANY LIMITED
(Agent Bank)

22nd April, 1980

U.S. $15,000,000
Floating Rate U.S. Dollar Negotiable Certificate of Deposit
Due 19th October, 1981
The Taiyo Kobe Bank, Ltd.
LONDON

In accordance with the provisions of the Certificates, notice is hereby given that for the six months interest period from 21st April, 1980, to 21st Ocober, 1980, the Certificates will carry an Interest Rate of 17% per annum. The relevant interest payment date will be 21st October, 1980.

Merrill Lynch International Bank Limited
Agent Bank

Bank of Tokyo Holding SA
(Société Anonyme Luxembourg)

U.S. $35,000,000 Guaranteed Floating Rate Notes Due 1981

For the six months
April 22nd, 1980 to October 22nd, 1980

In accordance with the provisions of the Note, notice is heraby given that the rate of interest has been fixed at 16$\frac{11}{16}$ per cent and that the interest payable on the relevant interest paymem date, October 22nd, 1980, against Coupon No. 8 will be U.S. $86.10.

By: Morgan Guaranty Trust Company of New York, London
Agent Bank

1862

Union Bank of Finland Ltd.
(Incorporated in Finland with limited liability)

US $30,000,000

Floating Rate Capital Notes due 1982

In accordance with the provisions of the Agency Agreement between Union Bank of Finland Ltd., and Citibank, N.A., dated as of 20 April, 1977, notice is hereby given that the Rate of Interest has been fixed at 16$\frac{11}{16}$% and that the interest payable on the relevant Interest Payment Date 22 October, 1980 against Coupon No. 7 will be US $86.10 and has been computed on the actual number of days elapsed (183) divided by 360.

By: CITIBANK, N.A., London, Agent Bank

22 April, 1980

THE NEW ALLEGHENY LUDLUM OFFERS PROOF THAT IT WORKS.

A RECORD YEAR.

In 1975 Allegheny Ludlum Industries began reshaping itself to fit the future—entering new markets and leaving others, rebalancing the earnings mix, lowering capital requirements and reducing major production costs.

By the second quarter of 1979, these ongoing strategic changes came into full effect, with dramatic results for the year. Net sales rose 19% from 1978 to a record $1.55 billion in 1979. In the same period, earnings from continuing operations increased 71% to $65.14 million—also a new high.

Primary earnings per common share were up from $2.75 in 1978 to $6.43 in 1979. Equity earnings from partially owned companies grew by $16 million in 1979—to $27.75 million.

The facts behind this strong and balanced performance are contained in Allegheny Ludlum's 1979 Annual Report. It's a fascinating portrait of a newly transformed and diversified specialty company—growing, setting standards for the world, poised for the future.

Allegheny Ludlum Industries
At work on the world's unfinished business.

Allegheny Ludlum Industries
Department L
Two Oliver Plaza
Pittsburgh, PA 15222

Please send a copy of Allegheny Ludlum Industries 1979 Annual Report to

name

title and company (if any)

address

city state zip

هكذا من الأصل

CURRENCIES, MONEY and GOLD

£ & $ quiet

TRADING WAS generally thin and featureless in currency markets yesterday, as investors awaited further developments in the Middle East situation and a clearer picture on U.S. economic trends. The dollar was slightly weaker overall, partly on lower Euro-dollar rates, although it recovered later in the day to finish above its lowest levels. Against the Deutsche Mark it fell to DM1.8510 from DM1.8550, after a low point of DM1.8460. Similarly against the Swiss franc, it finished lower at SwFr 1.7250 against SwFr 1.7410 after SwFr 1.7190.

The U.S. unit was firmer however against the Japanese yen, although the latter was not too badly affected by news of an embargo by Iran on oil exports to Japan. The dollar closed at Y250.1, up from Y249 on Friday. On Bank of England figures, the dollar's trade weighted index was 88.7 against 88.5. The dollar's recovery later in the day tended to suggest some intervention by central banks in the rather quiet conditions, probably the U.S. Federal Reserve Bank.

Sterling was firmer overall, and its trade weighted index rose to 73.2 from 73.0, having stood at 73.1 at noon and 72.9 in the morning. Against the dollar it opened at $2.2245 and dipped initially to $2.2225 before recovering to $2.2410 in early afternoon trading. It came back to $2.2365 however in very thin conditions, but closed at $2.2325-$2.2335, a rise of 1.3c.

D-MARK—Slightly improved within the European Monetary System, and showing a stronger trend against the dollar, after a weakness caused by expectations of a continuing balance of payments deficit in Germany, and effects of anti inflation measures and higher interest rates in the U.S.—Trading remained thin in Frankfurt yesterday in the light of current uncertainties over Iran, and the D-mark was slightly weaker overall. The Belgian franc was fixed higher at DM 6.219 per BFr 100, against DM 6.215, and the French franc rose to DM 43.08 per FFr 100 from DM 43. Outside the EMS, sterling rose to DM 4.1260 from DM 4.1230, but the dollar fell to DM 1.8512 from DM 1.8530. There was no intervention by the Bundesbank at the fixing, the dealers doubted that there was any support outside the fixing.

BELGIAN FRANC—No longer the weakest member of the EMS, being helped by record interest rates and heavy central bank intervention—The Belgian franc was firmer against most currencies at the fixing in Brussels yesterday, with the D-mark easing to BFr 16.0822½ from BFr 16.095, and the French franc lower at BFr 6.9192½ against BFr 6.9245. The dollar fell to BFr 29.7625 from BFr 29.8225 and the Dutch guilder to BFr 14.6357½ from BFr 14.645. On the other hand sterling was firmer at BFr 66.2775 compared with BFr 66.37 at Friday's fixing.

DUTCH GUILDER—Showing steady tendency recently, and near the top of the EMS—The guilder was slightly firmer on balance, rising against the U.S. dollar and the D-mark, but losing ground in terms of the Belgian franc and sterling. The dollar eased to Fl 2.0355 in Amsterdam from Fl 2.0350, while sterling rose to Fl 4.5340 from Fl 4.5320.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year, which after a slight pause has been renewed, resulting in heavy central bank intervention—A continued easing in U.S. interest rates was partly countered by the severing of Iranian oil supplies to Japan in Tokyo yesterday. Although the announcement of a ban on Iranian oil came after the close of trading, the market had anticipated such an event, and the dollar closed only slightly firmer at Y249.85, compared with Y248.65 on Friday.

THE POUND SPOT AND FORWARD

April 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2225-2.2416	2.2325-2.2335	6.22-0.32c dis	−1.45	6.15-0.05 pm	0.19
Canada	2.6280-2.6410	2.6375-2.6385	6.27-0.17c pm	1.00	0.85-0.75 pm	1.21
Nethlnd.	4.51-4.56	4.54-4.55	2¾-1¾c pm	6.94	7½-6½ pm	6.16
Belgium	66.10-66.60	66.40-66.50	2c pm-8 dis	−6.54	11-1 pm	6.35
Denmark	12.83-12.90	12.86½-12.87½	2¾-4om dis	−2.91	6½-8¾ dis	−2.29
Ireland	1.0985-1.1080	1.1060-1.1070	6.05-0.01p pm	6.33	6.28-0.23 pm	6.92
W. Ger.	4.11-4.16	4.13-4.14	3¼-2¾pf pm	7.98	6⅞-7⅞ pm	7.86
Portugal	111.10-111.90	111.50-111.70	par-40c dis	−2.15	25-130 dis	−2.78
Spain	159.00-159.50	159.20-159.30	40-65c dis	−4.71	110-1652dis	−3.45
Italy	1,930-1,945	1,937½-1,938½	1½lire pm-½ dis	0.31	½ pm-1½dis	−6.21
Norway	11.19-11.24	11.21¼-11.22¼	3⅞-2⅞ore pm	2.21	9-7¼ pm	2.90
France	9.56-9.63	9.60¼-9.61¼	4¼-3¼c pm	4.68	11-10 pm	4.37
Sweden	9.65-9.71	9.67½-9.68½	3½-2½ore pm	3.72	9-8 pm	3.51
Japan	552-562	558-569	2.20-1.80y pm	4.30	5.90-5.45 pm	4.06
Austria	29.30-29.50	29.45-29.50	20-15gro pm	7.12	53-43 pm	8.51
Switz.	3.83½-3.86½	3.85-3.86	3¾-2¾c pm	16.12	10-9 pm	9.86

Belgian rate is for convertible francs. Financial franc 67.90-68.00. Six-month forward dollar 6.27-0.17c pm. 12-month 1.15-1.00c pm.

THE DOLLAR SPOT AND FORWARD

April 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2225-2.2410	2.2325-2.2335	0.22-0.32c dis	−1.45	6.15-0.05 pm	6.19
Ireland†	2.0180-2.0225	2.0190-2.0200	0.12-0.22c dis	−1.01	6.66-6.51 pm	1.16
Canada	1.1805-1.1831	1.1810-1.1813	6.17-0.14c pm	1.57	6.35-0.30 pm	1.16
Nethlnd.	2.0290-2.0360	2.0305-2.0320	1.49-1.42c pm	8.59	3.39-3.32 pm	6.61
Belgium	29.74½-29.80	29.75-29.77	5-3c pm	1.61	4 pm-par	0.27
Denmark	5.7705-5.7775	5.7715-5.7740	6.30-0.80ore dis	−1.14	2.70-3.20dis	−2.04
W. Ger.	1.8460-1.8540	1.8505-1.8515	1.53-1.43pf pm	8.59	3.67-3.57 pm	7.82
Portugal	49.90-50.15	50.00-50.15	5c pm-10 dis	−0.60	16 pm-55dis	−1.80
Spain	71.42-71.68	71.42-71.47	10-25c dis	−2.94	50.70 dis	−3.36
Italy	868.50-870.00	868.50-869.00	1½lira pm-par	1.03	par-2 dis	−0.46
Norway	5.0180-5.0370	5.0240-5.0270	2.20-1.70ore pm	4.66	4.20-3.70 pm	3.14
France	4.3000-4.3080	4.3026-4.3050	2.32-2.22c pm	6.33	4.60-4.40 pm	4.18
Sweden	4.3370-4.3440	4.3425-4.3440	2.00-1.80ore pm	5.25	3.90-3.70 pm	3.50
Japan	249.70-251.00	250.05-250.15	1.15-1.00y pm	6.19	2.60-2.45 pm	4.04
Austria	13.19-13.21¼	13.19-13.20	6.90-9.20gro pm	8.68	23.50-21.00pm	6.74
Switz.	1.7190-1.7330	1.7245-1.7255	1.77-1.67c pm	11.96	4.32-4.22 pm	9.90

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	73.9	−32.2
U.S. dollar	89.7	−5.0
Canadian dollar	91.6	−17.6
Austrian schilling	154.9	+20.9
Belgian franc	114.9	+15.6
Danish kroner	105.2	−4.7
Deutsche mark	153.9	+44.4
Swiss franc	194.9	+78.2
Guilder	124.9	+19.1
French franc	100.2	−5.2
Lira	63.5	−60.9
Yen	116.1	+14.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

April 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	6.575198	6.610087
U.S. $	13	1.27508	1.36865
Canadian $	16.95	1.51046	1.60570
Austria Sch.	3¾	10.8362	17.8653
Belgian $	14	38.6201	40.4639
Danish K	13	7.56590	7.84610
D'Mark	7	2.36272	2.51576
Guilder	9½	2.59600	2.76228
French Fr.	9½	5.48567	5.84570
Lira	15	1108.04	1180.10
Yen	2	017.498	007.408
Norwgn. Kr.	9	2.40919	5.83847
Spanish Pts.	8	91.0662	97.2356
Swedish Kr.	10	6.54048	6.90009
Swiss Fr.	0	2.12569	2.03857

OTHER CURRENCIES

April 21	£	$		£ Note Rates
Argentina Peso	3840-3960	1702-1772	Austria	29.35-29.60
Australia Dollar	2.0550-2.0390	0.9125-0.9130	Belgium	27.65-68.25
Brazil Cruzeiro	107.30-108.30	48.14-48.54	Denmark	12.82-12.89
Finland Markka	8.47-8.48	3.7900-3.7820	France	9.56-9.62
Greek Drachma	93.102-95.297	41.80-42.10	Germany	4.11½-4.14½
Hong Kong Dollar	11.08½-11.10½	4.9700-4.9747	Italy	1900-1965
Iran Rial	n/a	n/a	Japan	655-554
Kuwait Dinar(KD)	0.606-0.610	0.2746-0.2744	Netherlands	4.52½-4.55½
Luxembourg Frc.	26.40-68.50	28.75-29.77	Norway	11.20-11.27
Malaysia Dollar	6.0875-5.0975	2.2810-2.2830	Portugal	105½-110
New Zealand Dlr.	2.0060-2.3410	1.0470-1.0480	Spain	154¾-163
Saudi Arab. Riyal	7.35-7.45	3.3280-3.3310	Sweden	9.25-9.70
Singapore Dollar	4.9075-4.9475	2.2130-2.2150	Switzerland	3.85-3.88
Sth. African Rand	1.7990-1.8000	0.9065-0.8070	United States	2.296-2.236
U.A.E. Dirham	8.22-8.35	3.7360-3.7580	Yugoslavia	48¼-50½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4286	+1.61	+0.77	±1.53
Danish Krone	7.72336	7.84629	+1.59	+0.75	±1.64
German D-Mark	2.48208	2.51470	+1.32	+0.48	±1.125
French Franc	5.84700	5.84985	+0.05	−0.78	±1.3557
Dutch Guilder	2.74362	2.76508	+0.78	−0.06	±1.512
Irish Punt	0.668201	0.672987	+0.72	−0.12	±1.668
Italian Lira	1157.79	1180.85	+1.99	+1.66	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.95-17.05 per cent; three-months 19.65-10.75 per cent; six months 15.20-15.30 per cent; one year 14.10-14.20 per cent.

April 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17-17¼	17⅝-17⅞	8½-9½	10¼-10½	7-7½	8⅝-8¾	12¼-12½	11-13	17½-17⅝	11-11¼
7 days' notice	17⅛-17⅜	17½-17¾	8½-9½	10¼-10½	6½-7	8⅛-8⅜	12¼-12½	16¼-17¾	17⅝-17¾	11½-12
Month	17⅜-17⅝	18⅝-18⅞	13-13⅜	10¼-10½	7-7⅛	8⅛-8⅜	19⅛-12⅜	18½-18½	18-19⅛	12⅛-12⅝
Three months	17⅜-17⅝	18⅜-17⅛	15¼-15⅝	10½-10¾	7⅛-7⅜	8⅞-9⅛	12⅝-12⅞	16¾-17¾	17⅛-17¼	13-13¼
Six months	18½-16¾	15⅜-16⅛	14½-14⅞	10½-10¾	7⅛-7¼	8⅞-9	13-13¼	16½-17½	16⅛-16⅜	12½-12⅝
One year	15⅝-15⅞	14⅜-15⅛	13⅝-14	10⅝-10⅞	6⅝-6¾	8⅛-8⅜	13⅛-13⅝	16¼-17¼	14⅜-14⅝	11-11⅛

Long-term Eurodollar two years 13¾-13⅞ per cent; three years 13¼-13½ per cent; four years 13-13¼ per cent; five years 12⅞-13⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

April 21	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.233	4.135	558.5	9.613	3.865	4.542	1938.	2.632	66.49
U.S. Dollar	0.448	1.	1.852	250.1	4.305	1.722	2.035	866.0	1.181	29.70
Deutschemark	0.242	0.540	1.	135.1	2.325	0.932	1.099	468.7	0.632	18.07
Japanese Yen 1,000	1.791	3.998	7.404	1000.	17.21	2.802	8.132	3470.	4.725	119.0
French Franc 10	1.040	2.323	4.002	581.0	10.	4.010	4.728	2016.	2.744	69.13
Swiss Franc	0.259	0.572	1.073	144.9	2.494	1.	1.179	502.2	0.684	17.24
Dutch Guilder	0.220	0.491	0.910	122.9	2.110	0.841	1.	420.6	0.580	14.22
Italian Lira, 1,000	0.610	1.162	6.133	288.1	4.959	1.989	2.345	1000.	1.361	34.28
Canadian Dollar	0.379	0.846	1.567	911.7	3.644	1.461	1.723	734.7	1.	25.19
Belgian Franc 100	1.505	3.360	6.223	840.5	14.47	5.801	6.840	2917.	3.970	100.

INTERNATIONAL MONEY MARKET

European rates firm

European short term interest rates had a slightly firmer tone yesterday, despite the sharp fall in New York rates on Friday including ½ per cent cuts in most major banks prime lending rates. U.S. Treasury bill yields also declined following the sharp unexpected fall in the latest money supply figures, leading to a further cut in Euro dollar rates in London yesterday. Since the beginning of this month the interest rate on three-month Euro dollar deposits has fallen to 16⅞ per cent from 20½ per cent.

On the other hand French call money rose to 12¾ per cent, an increase of ¼ per cent from Friday, and the highest level for three weeks. The Bank of France recently increased its money market intervention rates, and its interest rates are expected to remain firm in order to keep the franc strong in the European Monetary System.

Fears of an outflow of capital have followed France's deteriorating trade performance, and expectations of higher inflation.

In Frankfurt call money rose to 8.90-9.00 per cent from 8.75-8.85 per cent, while period rates were also slightly firmer in places, with three-month rising to 10.00-10.20 per cent from 9.95-10.15 per cent.

In Amsterdam call money was quoted at 10⅜-10⅝ per cent, compared with 10⅜-10⅝ per cent, but term rates were firmer.

In Tokyo the Japanese Finance Ministry raised the discount rate on Treasury bills to 6¾ per cent from 5⅝ per cent. The two-month bills will now yield 6.825 per cent, compared with 5.677 per cent previously. The average interest rate on loans charged by major Japanese commercial banks rose by 0.55 per cent to 7.789 per cent in March, the fastest monthly increase on record, and the highest rate since March 1977.

MONEY RATES

NEW YORK	
Prime Rate	19½-20
Fed. Funds	17¾-18
Treasury Bills (13-week)	12.90
Treasury Bills (26-week)	12.05
GERMANY	
Discount Rate	7
Overnight Rate	8.85
One month	9.20
Three months	10.10
Six months	10.25
FRANCE	
Discount Rate	9.5
Overnight Rate	12.75
One month	16.6875
Three months	12.75
Six months	12.8125
JAPAN	
Discount Rate	9
Call (Unconditional)	12.3125
Bills Discount (three-month)	13.9062

UK MONEY MARKET

Large shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

DAY-TO-DAY credit remained in short supply in the London money market yesterday, although conditions were easier than first expected. The authorities gave large assistance by buying a small amount of Treasury bills from discount houses and banks, and by lending a moderate amount overnight to two or three houses at Minimum Lending Rate.

Banks brought forward small run down balances, repayment was made of the moderate amount borrowed from the Bank of England on Friday, and there was a small net take-up of Treasury bills to finance. One the other hand the market was helped by a small reduction in the note circulation.

Discount houses paid about 17 per cent for secured call loans at the start, with closing balances taken at 16-16½ per cent.

In the interbank market overnight loans commanded 17¼-17⅜ per cent, before rising to 17½-17¾ per cent, and falling 16¾-17 per cent at lunch. In the afternoon rates fell to 15-15½ per cent, and closed at 16-16½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

April 21 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16-17½	—	—	—	17½-17¾	16-17	—	—	—
2 days notice	—	—	17⅝-17⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	17¼-17⅝	17¾-17⅞	—	17¾	17½-17⅞	16⅞-17	—	—	—
One month	17⅛-17¼	17⅜-17⅝	17⅝-17¾	18¾-18½	17⅜	17⅞-18½	16¾	15⅞-15⅞	17⅜	17¾
Two months	17⅛-17¼	17⅜-17⅝		18⅜-18⅛	17⅞	—	16⅝	16⅛	17⅛	17⅝
Three months	17⅛-17¼	17⅜-17⅝	17⅜-17¾	17⅞-17⅜	17⅞	17⅞-19	16⅝	16⅛	16⅞-16⅞	17⅛
Six months	16⅛-16⅜	16⅛-16¼	19½-19¾	19⅝-19⅛	16⅞	17½	—	—	15⅞-15⅞	19
Nine months	16-16⅛	16-16¼	—	16½-19¼	10⅜	—	—	—	—	—
One Year	15¾-15⅞	15¾-16	16-10⅛	19⅛-16⅞	16	16¾	—	—	—	—
Two years	—	—	15¾-16	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 15¾-15⅞ per cent; four years 14¾-15⅛ per cent; five years 14¾-10 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅝ per cent; four-month trade bills 17 per cent.

Approximate selling rates for one-month Treasury bills 15[illegible] per cent; two-months 15[illegible] per cent; three-months 16[illegible] per cent. Approximate selling rates for one-month bank bills 17½ per cent; two-months 17 per cent; three-months 16[illegible] per cent; one-month trade bills 17½ per cent and three-months 16⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 19 per cent from April 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 18.1176 per cent.

GOLD

Weaker trend

Gold lost $15 an ounce in the London bullion market yesterday in very quiet trading, to close at $495-$500. There was little in the way of fresh news to stimulate much movement, and markets in Zurich closed early for a local holiday. In London the metal opened at $510-$515 and drifted down to a morning fixing of $506.50 before slipping further to $506 at the afternoon fixing.

In Paris the 12½ kilo bar was fixed at FFr 72,500 per kilo (524.04 per ounce) compared with FFr 72,000 ($521.09) in the morning and FFr 72,700 ($525.49) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 30,320 per kilo ($509.03 per ounce) against DM 30,730 ($515.00) previously, and the metal closed at $502-$507 compared with $513-$518 on Friday.

	April 21		April 18	
Gold Bullion (fine ounce)				
Close	$510-515	(£229-223½)	$495-500	(£291.5-223.5)
Opening	$510-515	(£229-231½)	$510-515	(£229¼-231½)
Morning fixing	0011.70	(£260.052)	$506.50	(£227.181)
Afternoon fixing	$515.60	(£231.285)	$506	(£226.682)
Gold Coins				
Krugerrand	$527-532	(£233½-239½)	$507-511	(£297-230)
Mapleleaf	$518-528	(£232-257)	$523-533	(£234-239)
New Sovereigns	$151-135	(£58¾-60¾)	$152-137	(£59-61)
King Sovs.	$159-163	(£71¼-73¾)	$158-163	(£71-73)
Victoria Sovs.	$159-163	(£71¼-73¾)	$158-163	(£71-73)
French 20s	$139-144		$136-141	
50 pesos Mexico	$635-646		$635-640	
100 Cor. Austria	$505-512		$485-496	
$20 Eagles	$640-645		$635-645	
$10 Eagles	—		—	
$5 Eagles	—		—	

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on April 21, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place and local unit		Value of £ sterling
Afghanistan	Afghani	100.0
Albania	Lek	10.99
Algeria	Dinar	8.5465
Andorra	French Franc	9.0125
	Spanish Peseta	159.25
Angola	Kwanza	69.686
Antigua (S)	E. Caribbean $	6.03
Argentina	Ar. Peso Free Rate	3,950
Australia (S)	Australian $	2.0370
Austria	Schilling	29.475
Azores	Portug. Escudo	111.80
Bahamas (S)	Ba. Dollar	2.2356
Bahrain (S)	Dinar	0.840
Balearic Isles	Spa. Peseta	159.26
Bangladesh (S)	Taka	54.59
Barbados (S)	Babados $††	4.4550
Belgium	B. Franc	(cm) 66.45
		(fn) 67.95
Belize	B $	4.4550
Benin	C.F.A. Franc	480.620
Bermuda (S)	Bda $	2.2330
Bhutan	Indian Rupee	17.8700
Bolivia	Bolivian Peso	96.286
Botswana (S)	Pula	1.7505
Brazil	Cruzeiro ‡‡	107.80
Brit. Virgin Isles (S)	U.S. $	2.2330
Brunei (S)	Brunei $	4.9425
Bulgaria	Lev	1.2616
Burma	Kyat	16.62
Burundi	Burundi Franc	197.47
Cameroon Repub'c	C.F.A. Franc	480.925
Canada	Canadian $	2.6380
Canary Islands	Spanish Peseta	159.25
Cape Verde Isle	Cape V. Escudo	91.50
Cayman Islands (S)	Cay. Is. $	1.6816
Cent. Af. Repub.	C.F.A. Franc	480.629
Chad	C.F.A. Franc	480.625
Chile	C. Peso	(Bk) 87.18
China	Renminbi Yuan	5.4090
Colombia	C. Peso	(F) 101.92
Comoro Islands	C.F.A. Franc	480.625
Congo (Brazzaville)	C.F.A. Franc	480.626
Costa Rica	Colon	19.20
Cuba	Cuban Peso	1.6975
Cyprus (S)	Cyprus £	0.803
Czechoslovakia	Koruna	(com) 12.10
		nc 24.08
		(T) 20.48
Denmark	Danish Krone	12.87
Djibouti	Fr.	395.0 (sg)
Dominica (S)	E. Caribbean $	5.65
Dominican Repub	Dominican Peso	2.2330
Ecuador	Sucre	(O) 09.60
		(F) 62.12
Egypt	Egyptian £	(U) 1.67
Equatorial Guinea	Peseta	109.85
Ethiopia	Ethiopian Birr	(P) 4.5450
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	19.87
Fiji Islands	Fiji $	1.8960
Finland	Markka	8.4750
France	French Franc	9.6125
French C'ty in Af*	C.F.A. Franc	480.525
French Guiana	Local Franc	9.5125
French Pacific Is.	C.F.P. Franc	174.5
Gabon	C.F.A. Franc	480.629
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.130
Germany (West)	Deutsche Mark	4.135
Ghana (S)	Cedi	6.15
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	94.1946

Place and local unit		Value of £ sterling
Greenland	Danish Kroner	12.87
Grenada (S)	E. Caribbean $	6.03
Guadaloupe	Local Franc	9.8125
Guam	U.S. $	2.2556
Guatemala	Quetzal	2.3330
Guinea Republic	Sily	43.56
Guinea Bissau	Peso	77.56
Guyana (S)	Guyanese $	5.6950
Haiti	Gourd	11.165
Honduras Repub.	Lempira	4.4900
Hong Kong (S)	H.K. $	11.0950
Hungary	Forint	(com) 72.2507
		(T)(nc) 47.0825
Iceland (S)	I. Krona	965.6
India (S)	Ind. Rupee	17.8730
Indonesia	Rupiah	1,395.75
Iran	Rial	n/a
Iraq	Iraq Dinar	6.6596
Irish Republic (K)	Irish £	1.1665
Israel	Shekel	9.81
Italy	Lira	1,939.95
Ivory Coast	C.F.A. Franc	480.626
Jamaica (S)	Jamaica Dollar	0.9826
Japan	Yen	558.6
Jordan (S)	Jordan Dinar	0.873 (sg)
Kampuchea	Riel	2,679.6
Kenya (S)	Kenya Shilling	16.73
Kiribati	Australian $	2.0370
Korea (Nth)	Won	1.974 (ll)
Korea (Sth)	Won	1,316.03
Kuwait	Kuwait Dinar	0.611
Laos	Kip Pot Po	893.0
Lebanon	Lebanese £	7.6799
Lesotho	Loti	1.7990
Liberia	Liberian $	2.2356
Libya	Libyan Dinar	0.6610
Liechtenstein	Swiss Franc	3.855
Luxembourg	Lux Franc	66.45
Macao	Pataca	11.86
Madeira	Portug'se Escudo	111.60
Malagasy Republic	MG Franc	480.620
Malawi (S)	Kwacha	1.84
Malaysia (S)	Ringgit	5.0995
Maldive Islands (S)	Mal Rupee	8.7640
Mali Republic	Mali Franc	901.26
Malta (S)	Maltese £	6.7060
Martinique	Local Franc	9.6125
Mauritania	Ouguiya ‡	97.50
Mauritius (S)	M. Rupee	17.65
Mexico	Mexican Peso	51.60
Miquelon	C.F.A. Franc	480.625
Monaco	French Franc	9.6125
Mongolia	Tugrik	(o) 6.6748 (ll)
Montserrat	E. Caribbean $	6.03
Morocco	Dirham	8.74 (sg)
Mozambique	Moz. Escudo	64.45
Nauru	Australian Dollar	2.0370
Nepal	Nepalese Rupee	26.76
Netherlands	Guilder	4.546
Netherland Antilles	Antillian Guilder	3.9970
New Hebrides	Franc.	155.00
	Aust. Dollar	2.0370
New Zealand (S)	N. Z. Dollar	2.3385
Nicaragua	Cordoba	22.07
Niger Republic	C. F. A. Franc	480.625
Nigeria (S)	Naira	1,242380 (sg)
Norway	Norway Krone	11.2179
Oman Sul'ate of (S)	Rial Omani	0.768
Pakistan	Pakistan Rupee	21.85
Panama	Balboa	2.2330
Papua N. Guinea (S)	Kina	1.5655
Paraguay	Guarani	278.90

Place and local unit		Value of £ sterling
Peru	Sol	exc(A) 600.00
Philippines	Philippine Peso	16.15
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3385
Poland	Zloty	(Cm) 68.76
		(T) 98.74
Portugal	Portugu'se Escudo	111.50
Port Timor	Timor Escudo	111.80
Puerto Rico	U.S. $	2.2330
Qatar (S)	Qatar Ryal	8.19
Reunion Ile de la	French Franc	9.6195
Romania	Leu	(Cm) 9.36
		(nc) T 25.54
Rwanda	Rwanda Franc	196.49
St. Christopher (S)	E. Caribbean $	6.65
St. Helena	St. Helena £	1.6
St. Lucia	E. Caribbean $	6.05
St. Pierre	Local Franc	9.6126
St. Vincent (S)	E. Caribbean $	9.03
Salvador El	Colon	5.59
Samoa American	U.S. $	2.2330
San Marino	Italian Lira	1,938.26
Sao To'e & Principe	Dobra	79.76
Saudi Arabia	Ryal	7.40
Senegal	C.F.A. Franc	480.085
Seychelles	S. Rupee	14.36 (SG)
Sierra Leone (S)	Leone	2.3896
Singapore (S)	Singapore $	4.9426
Solomon Islands (S)	Solomon Is. $	1.9355
Somali Republic	Somali Shilling	(A) 13.48
South Africa (S)	Rand	1.7999
South West African Territories (S)	S. A. Rand	1.7990
Spain	Peseta	159.26
Spanish ports in North Africa	Peseta	159.29
Sri Lanka (S)	S. L. Rupee	05.90
Sudan Republic	Sudan £ Φ	1.84
Surinam	S. Guilder	0.9970
Swaziland (S)	Lilangeni	1.7998
Sweden	S. Krona	9.6825
Switzerland	Swiss Franc	3.855
Syria	Syria £	(A) 8.7555
Taiwan	New Taiwan	(P) 86.40
Tanzania (S)	Tan. Shilling	19.00
Thailand	Baht	45.16
Togo Republic	C.F.A. Franc	480.626
Tonga Islands (S)	Pa'anga	2.0370
Trinidad (S)	Trinidad & Tob. $	5.3590
Tunisia	Tunisian Dinar	0.896 (SG)
Turkey	Turkish Lira	164.02
Turks & Caicos	U.S. $	2.2336
Tuvalu	Australian $	2.0380
Uganda (S)	Uganda Shilling	18.73
United States	U.S. Dollar	2.2336
Uruguay	Uruguay Peso	(cm) 19.32
		(fn) 19.33
Utd. Arab Emirates	U.A.E. Dirham	8.31
U.S.S.R.	Rouble	1.4500
Upper Volta	C.F.A. Franc	480.626
Vatican	Italian Lira	1,958.25
Venezuela	Bolivar	9.69
Vietnam	Dong	(O) 4.8619
		(T) 4.834 (ll)
Virgin Islands U.S.	U.S. Dollar	2.2330
Western Samoa (S)	Samoan Tala	2.1206
Yemen (Nth)	Ryal	10.07 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7615
Yugoslavia	New Y Dinar	46.1696
Zaire Republic	Zaire	6.646086
Zambia	Kwacha	1.75
Zimbabwe	Zimbabwe $	1.4450

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 93.80. **Rates is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (ll) Based on gross rates against Russian rouble. Φ Incentive rate.

This announcement appears as a matter of record only.

March, 1980

BANCO DE MOÇAMBIQUE

BANCO DE MOÇAMBIQUE

U.S. $ 20,000,000

Medium Term Loan

Managed by

BANQUE DE L'UNION EUROPÉENNE

Co-managed by

BANQUE NATIONALE DE PARIS

CRÉDIT AGRICOLE (C.N.C.A.)

Provided by

BANQUE COMMERCIALE POUR L'EUROPE DU NORD (EUROBANK)

BANQUE FRANÇAISE DU COMMERCE EXTÉRIEUR — BANQUE NATIONALE DE PARIS

BANQUE DE L'UNION EUROPÉENNE — CAISSE NATIONALE DE CRÉDIT AGRICOLE

CRÉDIT COMMERCIAL DE FRANCE — CRÉDIT INDUSTRIEL DE L'OUEST

CRÉDIT LYONNAIS — SOCIÉTÉ LYONNAISE DE DÉPÔTS

Agent

BANQUE DE L'UNION EUROPÉENNE

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
Amro Bank	17 %
American Express Bk.	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½%
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	18 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½%
First Nat. Secs. Ltd.	19 %
Robert Fraser	18 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½%
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	19 %
Langris Trust Ltd.	17 %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½%
Williams & Glyn's	17 %
Wintrust Secs Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.260	16	52	—	—	—	—	F.294.50
ABN C	F.300	9	0.20	6	9.60	—	—	"
ABN C	F.310	13	2.80	—	—	—	—	"
ABN C	F.020	1	1	—	—	—	—	"
AKZ C	F.22.60	29	9.50	19	3.50	—	—	F.24.10
AKZ C	F.25	68	1.20	63	1.90	—	—	"
AKZ C	F.27.50	10	0.70	77	1.20	—	—	"
AKZ C	F.30	5	0.10	—	—	—	—	"
AKZ P	F.25	—	—	20	3.30	—	—	"
ARB C	F.55	—	—	9	9	—	—	F61.80
ARB C	F.65	38	1.80	—	—	—	—	"
ARB C	F.70	3	0.90	—	—	—	—	"
EK C	$50	10	2¼	—	—	—	—	F.46 5
FNC C	$20	10	1⅛	—	—	—	—	$18¾
HEI C	F.50	2	6.50	—	—	5	2	F.51.50
HEI C	F.55	2	0.70	6	2	—	—	"
HEI C	F.70	6	9	—	—	—	—	"
HEN C	F.59	—	—	5	14	—	—	"
HEN C	F.65	6	8.50	6	7.80	—	—	"
HEN C	F.80	12	9.80	—	—	—	—	"
HEN P	F.48	10	6.40	—	—	—	—	"
HO C	F.20	9	0.95	—	—	—	—	F.19
HO C	F.22.50	2	0.80	—	—	—	—	"
IBM C	$66	17	2⅝	3	4½	—	—	$51
IBM C	$80	11	1	—	—	—	—	"
KLM C	F.60	41	4	10	7.50	—	—	F.60.50
KLM C	F.70	76	1.60	31	3.10	—	—	"
KLM C	F.80	16	0.40	40	1.15	—	—	"
KLM P	F.60	26	5	6	4	—	—	"
KLM P	F.70	16	10.60	—	—	—	—	"
NN C	F.100	1	16	—	—	—	—	F.14.80
NN C	F.110	10	8	11	9	—	—	"
NN C	F.115	49	4.40	4	6	—	—	"
NN C	F.120	29	2	—	—	—	—	"
NN P	F.100	—	—	2	1.80	—	—	"
NN C	F.110	2	9.50	9	4	—	—	"
NN P	F.115	9	6	2	7	—	—	"
NN P	F.190	—	—	10	9	—	—	"
PET C	Fr.5500	4	1.50	—	—	—	—	Fr.4865
PHI C	F.17.50	1	1.80	—	—	—	—	F.18.90
PHI C	F.20	26	0.96	37	1	5	1.80	"
PHI C	F.22.50	—	—	78	0.50	—	—	"
RD C	F.145	—	—	10	15.80	—	—	F.154.10
RD C	F.150	24	8.50	10	10	—	—	"
RD C	F.160	155	4.20	60	6	11	9	"
RD C	F.175	300	1.50	79	5	—	—	"
RD C	F.145	4	2.70	1	0.80	—	—	"
RD P	F.145	26	4.40	20	7.40	—	—	"
RD P	F.170	—	—	6	24	—	—	"
UNI C	F.115	22	2.60	—	—	—	—	F.112.50
UNI C	F.120	55	0.80	—	—	—	—	"
UNI C	F.105	9	9.60	—	—	—	—	"
		May		Aug.		Nov.		
BA C	$40	—	—	1	3¼	—	—	$33⅞
BAS C	DM.140	1	0	1	9	—	—	DM143.60
BAS C	DM.150	—	—	80	4.50	60	8.60	"
BAS C	DM.160	—	—	9	1	30	5	"
BAS C	$35/06	—	—	40	5⅛	—	—	DM337⅛
BAZ C	$40	35	½	—	—	—	—	"
SIE C	DM.240	1	20	—	—	—	—	DM257.50
SLB C	$110	10	1⅛	10	7¼	—	—	$103⅝
SLB C	$120	00	—	—	—	—	—	"
VEB C	DM.160	—	—	12	5.50	—	—	DM136.20
VW C	DM.180	—	—	15	12.50	—	—	DM189.50
VW C	DM.190	30	5.50	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 2168

C=Call P=Put

WORLD STOCK MARKETS

NEW YORK

Wall St. mixed at mid-day

STOCKS ON Wall Street were mixed at mid-session after light dealings as investors remained cautious about the economic outlook.

The Dow Jones Industrial Average, et 763.91, and the NYSE All Common Index, at $57.23, were a marginal 0.51 and 2 cents up respectively at noon, but declines slightly outnumbered higher issues. Turnover further contracted to 13.53m shares from last Friday's midday level of 16.18m.

A substantial fall in the basic money supply, reported last Friday, renewed investor bopes that interest rates have peaked. But analysts said fears of a severe recession are keeping many investors on the sidelines.

They added that with news on March consumer prices and durable goods orders due today, there was extra reason for investor hesitation. Consumer prices rose by 1.4 per cent both in January and February.

Oils and some interest rate-sensitive isues firmed, but Gold and Silver shares declioed.

Among the actives, Texaco rose ¾ to $33¾ and Mobil 1⅞ to $69. Exxon picked up ⅜ to $57 and Superior Oil $1 to $134.

American Telephone gained ⅛ to $50⅞, Texas Utilities ¼ to $18⅝, Middle South Utilities ¼ to $13¼ and Commonwealth Edisoo ¼ to $21½.

ASA receded 1⅛ to $38⅛, Dome Mines ¾ to $5⅛, Hecl2 Mining 1⅛ to $24¼ and Callahan Mining $1 to $22⅝.

Yates Industries lost 3⅞ to $25⅝ on ending merger talks with a company it had oot idsotified. Burlington Northern, howvever, rose 1⅞ to $58¼ on higher first-quarter net profits.

Motors remaioed weak. They have reported extensive lay-offs recently due to redocsd car sales, Ford shed ⅜ to $22½ and Geoeral Motors ½ to $40. Merrill Lynch last week downgraded its earnings forecast for both companies.

THE AMERICAN SE Market Value Index hardened 0.25 to 235.97 at noon on thin volume of 1.26m shares (1.17m).

Closing prices for North America were not available for this edition.

Canada

Mixed movements were also registered on Canadian markets after quiet early dealings. The Toronto Composite Index eased 0.7 to 1,806.3 at midday. The Oil and Gas index put on 11.0 to 3,901.5, Golds declined 29.6 to 2,708.5 and Metals and Minerals 7.8 to 1,34.8.

Tokyo

Stock prices generally moved higher in the morning session as Steels, Heavy Industries and Shipbuildings were actively bought. However, most investors turned cautious in the afternoon session, apparently because they are not sure how the Iranian situatioo will develop, and the market mainly slipped back.

The Nikkei-Dow Jones Average closed a net 0.72 easier at 6,810.67. Declines oo the First Market sectioo finally outscored gains by 355 to 266 after a fairly large turnover of 350m shares, against last Firday's 400m.

Oils, which had advanced sharply in initial dealings, were broadly sold near the close under profit-taking pressure. However- Coals finished higher oo reports that Iran might suspend trade oil supplies to Japan.

Nippon Oil lost Y10 to Y2,420, Teikoku Oil Y10 to Y1,390 and Showa Oil Y12 to Y441, but Sumitomo Coal rose Y5 to Y361 and Mitsui Mining Y3 to Y843.

Trading Houses were mostly lower on balance, with Mitsubishi receding Y13 to Y630. Mitsui, which had invested in a major petrochemical project in Iran, shed Y2 to Y310.

Brokers said Kobe Steel, Sumitomo Metal Industries and other 'large-capita lshares were traded actively and maintained firmness on speculatioo that investors in the Middle East will increase their investments in Japanese stocks by using their "oil money." A president of a major Japanese securities company was reporte dto be planning to visit the Middle East to call for more investment. Kobe Steel gained Y3 to Y188 and Sumitomo Metal put on Y5 to Y160.

Some export-orientated Light Electricals and Motors performed well, Sony rising Y50 to Y1,930, Victor also Y50 to Y1,360, Yamaha Motor Y30 to Y970 and Honda Y11 to Y583. Q,1Wformed HT RA H TRA TH

Germany

Bourse prices mainly improved to a thin business, lifting the Commerzbang Index 7.3 to 702.4. Helping sentiment was a further streogthening of the Bond markets and last Friday's announcement by BASF of an DM8 dividend against a previous DM6.

In Chemicals, BASF were 90 pfennigs firmer at DM143.60, following Friday's advance of DM2.70. Bayer put on DM1.50. Among Stores, Karstadt moved ahead DM8.50 and Kaufhof DM6.50 in thin markets. BMW gained DM4 in Motors.

Public Authority Bonds recording fresh gains ranging to 1.15 percentage points, while the Bundesbank sold 2 nominal DM42.2m of paper, against sales of DM22m last Friday. Mark Euroboods gained up to three perceotage points.

Australia

Oils and Gas stocks were in heavy demand in otherwise subdued trading as investors waited for firmer trends to emerge in world commodity trading.

Overseas traders were finding Australian oil explorers more attractive as the Middle East situation worsens. Woodside Petroleum added 5 cents more at A$2.15, while the new rights shares, trading for the last time in their present form, were also 5 ceots higher at 62 cents. The first instalment on the new shares is to be called up today.

Santos gained 20 cents to A$7.90, Hartogen 8 cents to A$3.18, Crusader Oil 10 cents to A$2.30 and Oilmin 5 cents to A$1.50.

Gold stocks were at the other end of the spectrum following a flat performance for gold in Hong Kong over the weekend, and heavy selling resulted in a 24 cents fall by Bougainville to A$1.88 and a 38 cents decline by Central Norseman to A$5.60.

Paris

French and foreing share prices were mixed with a slight majority of declines after light trading.

Market observers said the decline in interest rates and good 1979 earnings performances being turned in by many companies had been oversadowed by two elements: News last Friday of a deterioration in France's trade position and the fact that yesterday was Settlement Day for the monthly trading Account.

Banks were firm in contrast to the generally hesitant trend. Foods, Constructions and Metals were mixed, while declines predominated io other sectors.

Nobel Rozel eased 20 centimes to FFr 45.6 despite announcing a return to profits for last year. BIC shed FFr 4 to FFr 475, failing to respond to news of higher first-quarter turnover.

Johannesburg

Gold shares and Mining Financials generally closed easier in sympathy with the lower Bullion price.

President Brand lost 75 cents at R38.25 and Southvaal 50 cents at R22.25, but Vaal Reefs hardened 50 cents to R57.50. Among Financials, Anglos shed 25 cents to R13.00, while Diamond leader De Beers declined 20 cents to R9.10.

Platinums were mixed, while Industrials tended easier in fairly active business.

Hong Kong

The market was closed yesterday for the Queen's Birthday holiday.

CANADA

Stock	April 18	April 17
Abitibi	18¾	18⅞
Agnico Eagle	10⅜	19¾
Alcan Alumn.	27¾	28¾
Algoma Steel	31⅛	53¼
Asbestos	31½	31¾
Bk Montreal	23¼	23¼

BELGIUM (continued)

April 21	Price Frs.	+ or —
Petrofina	4,865	—6
Royale Belge	9,400	+200
Soc Gen Banq	9,679	+20
Soc Gen Belge	1,350	—18
Sofina	3,540	+49
Solvay	2,380	—30
Traction Elect.	2,546	+205

HOLLAND

April 21	Price Fls.	+ or —
ACF Holding	73.5	+3.9
Ahold	66.6xd	—0.9
AKZO	24.1	+0.6
ABN	294.5	......
AMEV	97.8	—1.9
AMRO	61.8	+1.0

AUSTRALIA

April 21	Price Aust. $	+ or —
ANZ Group	4.30	......
Acrow Aust	1.00	......
Allstate Expl.	1.20	......
Ampol Pet.	0.97	......
Assoc. Pulp Pap.	1.90	+0.05
Audimco	9.28	......
Aust Cons Ind.	2.00	—0.05

JAPAN (continued)

April 21	Price Yen	+ or —
Kubota	358	+2
Kumagai	340	—2
Kyoto Ceramic	3,970	+50
Lion	358	—3
Maeda Cons.	452	......
Makita	965	—6
Marubeni	286	+1
Marudai	547	—3

Indices

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

S. Africa hedges maize crop

SOUTH AFRICA is to bedge part of its yellow maize crop nn the Chicago futures market, the Maize Board has announced in Pretoria. The Board stressed, however, that its decision wauld oot affect physical sales under tha existing tender system.

The Board said that hedging transactions will be "limited" and "on a highly selective basis." It is unlikely that more than a small portion of the export crop, estimated at 3.2m tonnes this season, will be sold forward. "We will never hedge the full crop," a Maize Board official said. He added "we are going to be very cautious."

Hedging operations are unlikely to start for some time. The Board has not yet appointed hrokers, although the official says it expects to use tha services of three different houses. In addition, low prices and the uncertain state of the market discourage forward sales for the time being. "We are only going to start when we can take in a good position," the official said.

Although the Board aims to increase export realisations, it says that it "does not intend speculating on the futures market, hut will limit its transactions to price fixing only."

Meanwhile, farmers have started harvesting the 1980-81 maize crop. The Department of Agriculture's second crop estimate is 10.5m tonnes. Other sources, bowever, think that a slightly higher outturn of around 10.7m tonnes is likely.

Dominica restarts banana shipment

THE CARIBBEAN island of Dominica, devastated by Hurricane David last August, is to start exporting bananas, its main crop, to Britain again next mooth.

The Dominica Banana Growers' Association said that plans for earlier shipments to the market-ing agents, Geest Industries of Spalding, Lincolnshire, were hindered by factors beyond their control, such as a shortage of water at boxing plants around the island, and a recent drought in the northern parisbes, the worst in five years.

Dominica, one of four Windward Islands which exports bananas to Britain, ships an average of 27,000 tons annually, earning approximately £3.5m and comprising almost 70 per cent of all agricultural production.

Copper leads metals downturn

BY JOHN EDWARDS, COMMODITIES EDITOR

CONTINUED depressinn about the industrial outlook, and the rise in the value of sterling against the dollar, drove copper prices to the lowest level since last August on the London Metal Exchange yesterday. Cash wirebars lost £33.25 to close at £897.75 a tonne. A fall of £35.25 to £921.25 put tha three months quotation at the lowest point since October.

The decline was encouraged hy hte easier trend in gold, hnt the main influence was the down-ward pressure exerted hy the strength of sterling. However, traders were more concerned by the generally poor prospects for copper demand, especially in the U.S.

Ignored in the general gloomy sentiment was a fall of 1,900 to 120,850 tonnes in warebouse stocks—the first reduction in holdings after four weeks of rising stocks.

Reflecting the weakness in demand, Asarco, the U.S. producer last night cut its domestic copper selling price by a further 5 cents to 90 cents a lh.

Asarco also reduced lts U.S. domestic lead price by another 3 cents to 42 cents a lb because of poor buying interest. On the London Metal Exchange the cash lead price dropped by £24 to £416 a tonne as warehouse stocks rose by 1,750 to 17,700 tonnes.

Zinc was hit by an increase ln warehouse stocks — np hy 3,200 to 55,650 tonnes. The cash price closed £17 down at £300 a tonne additionally depressed by the trend in copper and sterling.

There was some confusion in the tin market. It was announced in the morning that warebouse stocks had fallen by 215 tonnes to 3,040 tonnes. But in the afternoon it was revealed that a further 780 tonnes had been shipped from the Hull warehouse, making the stocks reduction 995 and reducing total boldings 2,260 tonnes. It is helieved the outgoing stocks from Hull represent shipments to the Soviet Union, rumoured last week.

Nevertheless cash tin closed £42.5 lower at £7,625 a tonne, partly mirrowing a fall in the Penang market over the weekend.

Aluminium stocks fell hy 875 to 34,825 tonnes. while nickel rose by 1,032 to 9,310 tonnes. LME silver holdings were also up, rising by 750,000 to 18,940,000 ozs.

Drought eases in New South Wales

BY PATRICIA NEWBY IN CANBERRA

RAIN over drought-stricken New South Wales in the past few days bas restored some water supplies for stock and improved domestic water supplies. But according to the New South Wales Department of Agriculture, the drought has not broken yet.

Wilcannia, in the heart of the worst-affected area in north-western New South Wales, recorded the highest fall of 49 mm in the past fe wdays which is considered useful for dams and water storage for stock but not for pasture regeneration.

The rain which fell over the weekend moved from north to south-western Australia where falls of between 10 and 19 mm were recorded in the Riverina where wool, wheat and grain are prodnced.

In the southern and more lush State of Victoria, which bas not been as badly affected, rainfall ranged from 10 mm to 119 mm. However, the drought-affected East Gippsland region received the least benefit.

In South Australia, the State's senior agronomist, Mr. Henry Day, said rain over the past few days bad been sufficient to allow many farmers to commence autumn crop planting.

Although Western Australia's rainfall is below average for the year, enongbt has fallen in the past few days to allow farmers to start planting in the State's wheatbelt.

Meanwhile the Federal Government has agreed to help finance low-interest "carry-over" loans of A$ 5,000 (£2,500) and A$ 10,000 for farmers who cannot meet their commitments becanse of the drought.

The loans will also be available for restocking when pasture improves.

Cocoa futures fall continues

By Richard Mooney

COCOA FUTURES prices continued to slide on the London market yesterday with the July quotation ending £24 down at £1,266.5—the lowest level since last July. Dealers said there was no sign of the prodncer selling which bas fuelled the recent decline, hut manufacturers showed scant interest, presumably in the belief that prices have not yet hit bottom.

The fall has now lasted for nine ocnsecutive trading days, trimming £148 off the July price.

At one time yesterday July cocoa went as low as £1,258 a tonne hut then staged a modest rally reflecting a more encouraging opening tone oo the New York market. However, dealers said basic sentiment remained "bearish" in view of continuing expectations of another substantial production surplus this year.

In Accra meanwhile the Ghanaian Cocoa Marketing Board's western regional manager, Mr. Darku Assumani, called on his government to impose harsher penalties on cocoa smugglers. He said modern roads should be built along the boarder with the Ivory Coast. the biggest outlet for the smuggled cocoa.

The smugglers are attracted by better prices paid in the Ivory Coast than those offered by their own marketing board.

● World sugar prices fell back on the London futures market yesterday with the August position losing £11.75 to £260.75 a tonne. Dealers noted, however, that aboot £5 of the fall reflected a down-turn in prices in afterhours dealings on Friday night.

Oil futures under discussion

PROPOSALS for the introduction of oil futures markets in London are to be put to representatives of the oil industry, and the commodity markets, at a special one-day conference at the London Press Ceotre on Thursday.

The conference, sponsored by the London Commodity Exchange, will include speeches on the prospects for futures market both for oil and oil products.

CHICAGO FUTURES

Inflation starts that sinking feeling

BY A CORRESPONDENT

SEAT PRICES at the Chicago Board of Trade have slumped as badly as the exchange's contracts for grains and financial instruments.

After reaching a high of nearly $250,000 last October, prices have moved stesdily lower. During the first week in April one went as low as $141,000, the lowest level in almost two and a-half year. The prices of a seat fell $24,000 in less than a week in early April.

Another warning signal is tha waning figures for daily volume and opeo interest, or the number of outstanding contracts, an importaot harometer of trade activity. Open interest levels for all the exchange's cootracts combined, from wheat to Treasury Notes, have beeo declining oo a year-to-year hasis for six consecutive months.

Daily volume at the exchange, although higber for the first qoarter of 1980 compared witb the year-ago level, has dropped surprisingly low. February volume actually declined 2.4 per cent, and March gained less than 3 per cent.

For a market that is used to averagiog annual growth of over 20 per ceot, the new figures represent a startling setback.

"The exchange is part of the whole economy," said Board of Trade chairman Alfred Gruetzmacher. "If there is a down-turn there will be a slowdown in all speculative vehicles." But Mr. Gruetzmacher said that strength in some cootracts should offset weakness in others.

Some ohservers, though, see the hearish statistics as evidence that the exchange may be suffering as much as other industries at the hands of the highest rate of inflation in post-war American history.

Futures markets thriva on instability, and whatever promotes political or financial upheaval is thought to promote the industry. Unpredictable price movement compels the commercial user, to protect his inventory—whether it's maize, cattle or treasury notes—by "hedging" at the exchange.

Inflation, hy eroding the valne of paper assets, is thought to spur demand for commodities, and the sharp fluctuations in futures attract hoth floor speculator and public.

The industry began a decade of fantastic growth in 1970, when the price stability of the sixties came to an end. The Chicago Board of Trade and Mercantile Exchange, tha two giants of the industry, began listing the new contracts that have enjoyed tremendous success, such as foreign currencies and interest rate futures, wbile older agricultural commodities took a new lease on life.

But with the inflation rate of the last two months approaching 19 per cent with no sign of a slowdown, commodity analysts bere are beginning to wonder if it is possible to bave too much of a good thing.

"I think there's some change in our perception of inflation—we're viewing it more searchingly," said James Leatherberry, a currency analyst for ContiCommodities Services, a subsidiary of Continental Grain. "Before, the feeling was that it encouraged possession of commodities—now we're not so sure."

The damage borne by silver and gold markets in New York and Chicago is the most persuasive evidence so far that if moderate prica instability is supportive, runaway inflation is not.

Speculative fever has nearly wrecked the silver markets in hoth cities. Enormous price fluctuations have scared away the independent trader ou the floor and all hot the richest ones off it. Prohibitively high margins, imposed to restrain the feverish speculation, cut into volume even more.

The silver markets hecame the captive of tha immensely wealthy, including the Arabs and the oil-owning Hunts of Dallas. Last June open interest for Chicago Board of Trade silver stood at about 165,000 lots, compared to the current 23,000. And gold trading at the Commodity Exchange in New York and the Chicago Mercantile Exchange has heen inhibited as well, if to a lesser extent.

Most analysts agree that silver is a unique example, free of the government restrictions on the size of speculator positions in effect for the agricultural contracts, But even for grains and financial instruments the impact of inflation is visihly damaging.

Interest rates at the Board of Trade and other exchanges, which move in the opposite direction of domestic interest rates, suffered a tremendous sell-off last December before stabilising in mid-March, and open interests dropped considerably. The wild price fluctuations and high margins that dried up the markets for precious metals cut into interest rate trading as well.

"It's very ominous," said one Board of Trade hroker at tha end of the decline. "People are tired of trying to guess the hottom."

Maize, wheat, and soya futures have suffered one of the most protracted bear markets in years, with prices falling with almost no interruption since the first week of February. The decline is partly attributable to large international supplies and President Carter's embargo of grain sales to the Soviet Union. But much of the pressure has also come from the liquidation of inventories by farmers and merchaodisers. With interest rates at record levels, prodncers have been forced to sell grain for money rather than borrow to prepare for spring sowing of soya, maize, and spring wheat.

Volume has falleo sharply with prices. "Who wants to risk commodity futures trading when you can get 15 per cent on a treasury bill?" asks one despondent account executive.

But the exchange has yet to face wbat most observers regard as perhaps the greatest threat—wage and price controls. President Carter bas pledged repeatedly not to impose them, and the last time they were used in 1971 unprocessed agricultural products were exempt. But as one broker noted, "We're the thermometer, and the patient's got a fever. Who's to say they won't try to break the thermometer?"

Malaysian mission to China

BY WONG SULONG IN KUALA LUMPUR

A 25-MEMBER Malaysian commodity team, led by Datuk Paul Leong, Minister of Primary Industries, arrived in Peking yesterday for extensive talks with Chinese leaders on the sale of Malaysian commodities.

The mission is particularly interested in the Chinese market for palm oil. Malaysia, the world's largest palm oil producer, expects its production to rise rapidly from 2m tonnes last year to 4m tonnes by 1985, although the expansion of acreage would not he as fast as before.

So far, Malaysia bas been able to dispose of all its palm oil. The reduced exports to tha U.S., for example, have been readily absorbed hy India and Pakistan.

But with 4m tones coming out in five years, Malaysian planners are anxious to open up new and stable markets.

China last year bought 60,000 tonnes of palm oil from Malaysia, including a shipment of defined palm oil.

Chinese per capital consumption of edible oil is very small, smaller than even India's, and the Chinese do not use palm oil for cooking.

The Malaysians are optimistic of a large market for palm oil in China, if this switch is made, even though, it is know China may not bave enough bard cash for its imports.

Datuk Leong is to bold discussions with six Chinese ministers, and will visit the tin mioes in Yunnan and rubber and oil palm plantations in Hainan Island during bis three-week visit. These places are normally out of bounds to foreign visitors.

He is interested to assess Chioa's tin position. The present thinking is China will soon be a net tin importer because of its modernisation needs, although it's believed China has some of the richest tin reserves.

Hail damages tea crop

DARJEELING — About 1.8m kilos of high-quality tea, valued at almost $9m were destroyed by bail in West Bengal last week. The industry said that losses might be even higher once reports of damage from less accessible plantations were received. The lack of leaves to process bad forced the closure of two factories.

A severe drought last year cost the Darjeeling tea industry 900,000 kilos of tea in lost production.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply lower on the London Metal Exchange with the market continuing to reflect pessimism over the U.S. economy. Forward metal opened around the £947 level and gradually declined to close the afternoon kerb at £920. Turnover: 9,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	910-11	—28	897-8.5	—33.2
3 months	935-.0	—29.2	921-.5	—35.2
Settlem't	911	—28	—	......
Cathodes				
Cash	872-81	—24.5	865-8	—33
3 months	909-11	—24.5	889-90	—33
Settlem't	881	—22	—	......
U.S. Prod.	—	......	*90.96.25	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £941, 40, 38, 37, 38, 37, 36, 35, 36, 35.5, 36, 36.5. Cathodes cash £880, 82, three months £910, 11. Kerbs: Wirebars three months £936, 35, 34, 30, 29, 30, 31. Afternoon: Wirebars three months £930, 29, 30, 31, 30, 29, 28, 27, 26, 25, 28, 27, 20, 21, 22, 21, 20, 20.5, 21, 21.5. Cathodes three months £896, 97. Kerbs: Wirebars three months £922, 21, 20, 19, 20, 18, 16, 20.

TIN—Lost ground reflecting the fall at Penang coupled with the weakness of other metals, and the rise in sterling against the dollar. Forward metal opened at £7,650 and declined to £7,606 on the morning kerb. In the afternoon a correction to the stocks announcement which finally showed a fall of 995 tonnes against the 215 decline announced ith the morning, lifted forward metal to £7,620, but the market came under pressure on the late kerb and fell back to close at £7,620. Turnover: 985 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7645-50	—90	7620-30	—42.5
3 months	7645-55	—98	7630-40	—35
Settlem't	7650	—90	—	......
Standard				
Cash	7645-50	—90	7620-30	—42.5
3 months	7635-45	—95	7625-30	—37.5
Settlem't	7650	—98	—	......
Straits E.	$2309	—32		......
New York	—	......		......

Morning: Standard cash £7,645, 50, three months £7,650, 40, 30, 40, 50. High Grade cash £7,650. Kerb: Standard three months £7,640, 30. Afternoon: Standard cash £7,620, three months £7,620, 15, 20, 30, 35, 30, 20, 25. Kerb: Standard three months £7,600, 20.

LEAD—Declined in the face of heavy speculative selling which triggered stop-loss selling. The weakness of copper coupled with a rise in stocks brought the market under pressure from the outset with forward metal falling from £426 on the early pre-market to the day's low of £400 before a late and minor rally to £403 in the afternoon kerb. Turnover: 14,300 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	424-5	—18	415-7	—24
3 months	418-9	—12.5	411-2	—20
S'ment	426	—18	—	......
U.S. Spot	—	......	*48	......

Morning: Cash £424, 21, 22, 25, 23.5, 24, three months £423, 22, 21, 20, 16, 18, 20, 17, 12, 18, 17.5, 17, 18, 19. Kerb: Three months £418, 17, 16, 15, 12, 15. Afternoon: Three months £418, 15, 14, 13, 12, 11, 12. Kerb: Three months £415, 16, 12, 08, 06, 10, 08, 08, 06, 04, 400, 02, 01.

ZINC—Easier along with the trend in other base-metals. Forward metal opened around £323 and gradually fell away to close the afternoon kerb at £310.5. Turnover: 7,125 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	309-10	—7	299-301	—17
3 months	317-8	—7.5	310-.5	—14.2
S'ment	310	—7	—	......
Primw'ts	—	......	*37.5	......

Morning: Cash £311, three months £320, 19, 18.5, 17, 18, 15, 17, 18, 17, 18. Kerb: Three months £315, 16. Afternoon: Three months £315, 13, 12, 11, 10, 11. Kerb: Cash £300, 01, three months £311, 10.

ALUMINIUM—Marginally lower owing to speculative liquidation which depressed forward metal from £827.5 to £813 on the late kerb. Turnover: 5,175 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	868-70	—19.5	862-5	—9.5
3 months	893-5	—15.5	819-20	—11

Morning: Cash £870, 71, three months £829, 28, 27, 25. Kerb: Three months £820, 15, 14, 16, 17, 18. Afternoon: Three months £821, 20, 19, 20. Kerb: Three months £820, 18, 13, 15, 14.

NICKEL—Lower in quiet trading with forward metal finally quoted at £2,780 on the afternoon kerb. Turnover: 414 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2700-10	+22.5	2687-700	—15.5
3 months	2785-95		2760-800	—25

Morning: Cash £2,680, 90, 95, 96, three months £2,780, 80. Kerb: Three months £2,780. Afternoon: Three months £2,780. Kerb: Three months £2,780.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 18.1p an ounce lower for spot delivery in the London bullion market yesterday at £6.372. U.S. equivalents of the fixing levels were: spot $14.2, down 37.6c; three-month $14.757, down 34.8c; six-month $15.247, down 38c; and 12-month $16.188, down 37.7c. The metal opened at £6.4-£6.75 ($14¾-$15) and closed at £5.8-£6.35 ($13¼-$13¾).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	637.20p	—18.1	595.5p	—57
3 months	662.20p	—18.1	611p	—45
6 months	684.20p	—17.7	—	
12 months	729.80p	—17.7	—	

LME—Turnover 138 (154) lots of 10,000 ozs. Morning: three months 668, 65, 60, 55, 54, 50. Kerbs: three months 650, 53. Afternoon: three months 648, 40, 20, 10, 05, 600, 10, 07, 10, 08, 08, 10, 13, 10. Kerbs: three months 612, 15, 10, 08, 06, 05, 10.

COCOA

During an active trading day futures declined further allowing consumers the opportunity to take a little cover at the lower levels. Producers basically maintained their withdrawn posture, reports Gill and Duffus.

COCOA	Yest'rdays Close	+ or —	Business Done
May	1246-48	—28.5	1266-37
July	1266-67	—24.0	1285-58
Sep	1325-26	—28.0	1320-1265
Dec	1348-40	—27.0	1370-38
March	1381-82	—28.5	1405-1368
May	1402-10	—25.0	1426-1400
July	1429-40	—24.5	1455-30

Sales: 6,194 (4,253) lots of 10 tonnes.

COFFEE

Robustas opened slightly higher, but once again the market settled in a narrow range in poor volume that was bolstered by sell trades through the early session, reports Drexel Burnham Lambert. In the afternoon activity was very mixed and in thin conditions prices fluctuated around earlier levels until the close when trade buying inspired a steady finish to the day with values around their daily highs.

COFFEE	Yesterd'ys Close	+ or —	Business Done
	£ per tonne		
May	1638-41	—5.0	1644-35
July	1583-94	+7.0	1695-85
Sept	1799-80	+0.0	1730-88
Nov	1758-40	+11.0	1740-33
January	1736-37	+21.0	1738-18
March	1690-95	+20.5	1690-70
May	1681-00	+18.0	—

Sales: 2,639 (2,119) lots of 5 tonnes. ICO indicator prices for April 18 (U.S. cents per pound): Other Mild Arabicas 182.67 (183.00). Robustas ICA 1976 186.25 (165.50); ICA 1968 166.50 (165.75). Unwashed Arabicas 211.00 (210.50). Comp. daily ICA 1968 189.61 (188.29).

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged, values eased initially but later good buying interest rallied the market and a good trade was seen. Prices fell back slightly towards the close on commercial selling to finish 20p down on wheat and 5p down on barley. New crops remained fairly steady throughout the session and closed 6p-10p higher on wheat and 10p-15p higher on barley, reports Acli.

Mnth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
May	94.25	—0.25	91.85	—0.05
Sept	92.50	—0.05	90.10	+0.15
Nov	96.15	+0.10	94.10	+0.15
Jan	100.00	+0.05	97.90	+0.10
Mar	103.55	+0.10	101.30	+0.15

Business done—Wheat: May 94.45-94.10, Sept. 92.70-92.70, Nov. 96.25-96.10, Jan. 100.15-99.95, March 103.60-103.15. Sales 413 lots of 100 tonnes. Barley: May 92.15-91.85, Sept. 90.15-89.95, Nov. 94.20-93.95, Jan. 98.10-97.90, March 101.45-101.35. Sales 358 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 92.30, E. Midlands 92.60, N. East 93.00, Scotland 91.40. Other milling wheat: Eastern 92.70, E. Midlands 95.10.

The UK Monetary Coefficient for the week beginning Monday, April 28 (based on HGCA calculations using 4 days exchange rates) is expected to remain unchanged.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent May 91.25, June 91.75, July 92.25 transhipment East Coast. English Feed fob April 98.25 paid East Coast. Maize: U.S./French April 117, May 117.50 East Coast sellers. S. African Yellow April/May 78.50 seller. Barley: English Feed fob April 99.00, May 98.50, June 99.50 sellers East Coast. Rest unquoted.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 369, 372, 336, 10; Aug. 378, 380, nil, nil; Oct. 380, 382, 382, 2; Dec. 380, 381, 382-381, 14; Jan. 380, 388, 382, 20; March 385, 387, 388-387, 24; May 386, 388, 388, 22; Aug. 390, 400, 395-390, 3; Oct. 390, 400, nil, nil. Sales 95.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. May 446.5, 447.0, 446.0-446.0, 12; July 451.0, 452.0, 452.0-450.0, 128; Oct. 464.5, 465.0, 465.0-463.0, 44; Dec. 466.5, 467.0, 467.5-466.0, 61; March 471.2, 472.0, 471.0-470.0, 12; May 474.3, 475.0, 475.0-474.0, 4; July 480.0, 481.0, 480.0-480.0, 1; Oct. 480.0, 485.0, —. Sales 262.

BRADFORD — Prices were little changed. However, crossbreds edged lower after a softer New Zealand sale on Friday and there was some cheap selling of coarser crossbred tops.

RUBBER

The London physical market opened easier with fair interest at lower levels, closing on a quiet note. Lewin and Peat reported a Malaysian godown price of 318 (323) cents a kg (buyer, May).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
May	64.50-64.60	66.00-67.00	65.00-64.50
June	66.00-66.10	68.10-68.20	67.00-66.10
Jly-Sept	68.40-68.50	70.50-70.10	68.50-68.50
Oct-Dec	72.50-72.60	74.50-74.60	74.50-72.50
Jan-Mar	76.20-76.30	77.40-77.80	78.10-76.30
Apr-Jne	78.10-78.20	80.20-80.70	78.20-78.10
Jly-Sept	81.10-81.20	83.20-83.40	81.10
Oct-Dec	84.00-84.20	86.20-86.50	—
Jan-Mar	87.00-87.40	88.50-89.60	—

Sales: 568 (143) at 15 tonnes, 50 (4) at 5 tonnes.

Physical closing prices (buyer) were: Spot 63.75p (65.50p); May 67.75p (69.50); June 68.75p (70.50p).

SOYABEAN MEAL

The London market opened 50p easier on stronger sterling, reports T. G. Roddick. The market remained dull and featureless throughout the day and closed near the contract lows.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
April	105.50-06.0	—0.50	106.50-06.00
June	106.90-07.0	—0.50	107.20-06.90
August	107.00-07.1	—0.55	107.50-07.00
October	104.40-04.6	—0.60	105.20-04.50
December	107.60-07.9	—0.70	108.10-08.00
February	110.10-10.3	—0.85	110.20-10.00
April	110.10-15.5	—1.15	—

Sales: 82 (75) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £243.00 (£240.00) a tonne cif for April-May-June shipment. White sugar daily price was £252.00 (£250.00).

Buying interest was much reduced and so profit-taking developed prices drifted in thin trading conditions. Closing quotations were around the lows of the day, reports C. Czarnikow.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 251.00-252.00; Aug. 262.25, 263.00; Oct. 270.00, 271.00; Jan. 273.50, 278.00; March 282.00, 283.00; May 285.00, 285.50; Aug. 283.00, 286.00. Sales 412 (323).

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
May	248.50-48.80	261.75-55.50	262.75-47.00
Aug	260.60-60.70	273.75-74.00	273.00-59.50
Oct	268.25-68.35	279.25-79.50	278.00-68.00

Sales: 5,865 (5,227) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £327.50 (£323.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for April 18. Daily price 22.10 (21.74); 15-day average 20.04 (19.81).

TEA AUCTION

LONDON TEA AUCTION—50,881 chests were on offer at yesterday's auction. Assams came to a rather weak market and lost 2p-5p, apart from a few selected lines. Bangladesh teas met with a little more support but at easier rates. Best and good medium African CTCs generally held values but others were 2p-5p lower. Clean Mozambique sorts, however, remained about steady. Ceylons and South Indians were quite well supported particularly best liquoring sorts which were often dearer. Quotations: Quality 139p per kilo (138p); Medium 105p (105p); Plain 59p (60p).

PRICE CHANGES

In tonnes unless otherwise stated.

	April 21 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1880/1910	......	$1930/60
Copper			
Cash w'bar	£897.75	—33.25	£1,034.5
3 mths	£921.25	—35.25	£1,046.5
Cash Cathode	£866.5	—33	£992
3 mths	£896.5	—33	£1,018
Gold troy oz.	$497.5	—15	$585.5
Lead cash	£416	—24	£519
3 mths	£411.5	—20	£472.5
Nickel	£3,477	......	£3,335
Freemkt(cif)(lb)	285/55c	......	295/310c
Platin'mtr'y oz	£189-193	......	£188/193
Free mkt	£250.85	......	£311.70
Quicksil'ver†	$402/412	......	$385/405
Silver troy oz	637.20p	—18.10	1020.6p
3 months	662.20p	—16.10	1086.6p
Tin Cash	£7,626	—42.5	£7,870
3 mths	£7,627.5	—37.5	£7,905
Tungsten 22.04lb	$140.75	......	$142.14
Wolfrm 22.04lb	$141/148	—0.5	$147/151
Zinc cash	£300	—17	£333.5
3 months	£310.25	—14.25	£357.5
Producers	$825	......	$825
Oils			
Coconut (Phil)	$675x	......	$735
Groundnut	‡	......	‡
Linseed Crude	£438	......	£454
Palm Malayan	$615x	......	$657.50
Seeds			
Copra Philip	$430	......	$505
Soyabean (U.S.)	$253.05x	—2.35	$270.15
Grains			
Barley Futures	£90.10	+0.15	£91.95
Maize			
French No3AM	£117	......	£112
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,297	—24	£1,485
Future July	£1,266.5	—24	£1,454.5
Coffee F't'r July	£1,693.0	+7	£1,571
Cotton A Index	90.50c	—0.2	94.15c
Rubber (kilo)	63.75p	—1.75	68.50p
Sugar (Raw)	£243	+3	£221
Wooltp's 64s kl.	335p kilo	......	309p kilo

a June. s May. t May-June. r April-May. x July. z Indicator. § Buyer. ‡ Per 76 lb flask.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 23 tonnes. Quiet trading brought little expansion in turnover, and few contracts were arranged. The call for supplies was subdued, concentrating chiefly on North American qualities.

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.20-£4.40, codlings £2.20-£3.20. Large haddock £4.00-£5.00, medium £3.30-£3.80, small £1.80-£2.80. Large plaice £3.80, medium £3.00-£3.80, best small £3.00-£3.60. Skinned dogfish (large) 9.00, (medium) £7.00. Lemon soles (large) £8.50, (medium) £7.80. Reds £2.80-£3.10. Saithe £2.00-£2.40.

SMITHFIELD—pence per pound. Beef: Scotch killed sides 80.0-74.0, Eire hd. quarters 84.0-86.0, f. quarters 50.0-52.0. Veal: English fats 80.0-90.0, Dutch hinds and ends 100.0-110.0. Lamb: English small New Season 78.0-84.0. Imported frozen: NZ PL 62.0-62.0, PM 60.0-60.0. Hoggets: English 46.0-58.0, Scotch 46.0-54.0. Pork: English, under 100 lb 40.0-48.0, 100-120 lb 38.0-47.0, 120-160 lb 38.0-47.0.

MEAT COMMISSION—Average fatstock prices at representative markets on April 21. GB Cattle 85.31p per kg lw (-1.42). UK Sheep 149.7p per kg est dcw (-11.8). GB Pigs 67.7p per kg lw (-0.2).

Lower soyabean prices forecast

THE SMALL reductioo expected in U.S. soyabean plantings this year could trigger a new round of price declines sometime this summer, the Hamburg-based weekly "Oil World" journal said.

The publication said: "This could carry the prices for soyabeans and products, especially meal, as well as for most competing commodities, considerably below the lows of April 2," unless adverse weather affects the crops in North America.

Oil World said it does not think a price fall will occur in time to affect this year's U.S. soyabean planting intentions much.

"We even consider it possible and likely that soyabean prices may hover around the present level or even a little above it throughout the planting and early growing season."

The publication pointed out that while the cash price for U.S. maize has been only a few cents above the loan level so far this spring, that for soyabeans has been more than $1 a bushel above the loan level.

"If the soyabean price had declined to the loan of $4.50 a bushel, this would bave heen the necessary economic signal for the U.S. soyabean grower to reduce plantings sharply," Oil World said.

Most U.S. soyabean farmers are sufficiently well-off and have enough storage capacity to resist a sharper price decline. They of course see the huge carryover and sharply increasing competition from South America.

But the lower prices force them to produce those crops from which they can expect the highest net return per acre based on the present price relationships. And these just do not speak for a larger cut in soyabean plantings," the publication concluded.

Oil World estimated China's 1979-80 soybean crop at 12.7m tonnes, down from 12.8m the previous year and compared with 12.2m in 1977-78.

It noted official information on China's soybean output is not available, but said the large volume of Chinese soybean purchases, lower soybean exports and favourable production of oil bearing crops warranted a cut in its soybean guesstimate.

Cottonseed output in 1979-80 is seen at 4.09m tonnes, against 4.01m the previous year and 3.79m in 1977-78.

Meanwhile world production of oilseeds and copra in 1979-80 is estimated at 181.8m tonnes, 1.7m above the March estimate and 23.5m above 1978-79 output, the U.S. Agriculture Department said.

USDA's world oilseed situation report said the soybean estimate was raised by 1.1m tonnes on the strength of continued excellent weather in Brazil.

Closing prices were not available for this edition

EUROPEAN MARKETS

ROTTERDAM, April 21.

Wheat—U.S. No. Two Red Winter June $170, July $170, Aug. $174. U.S. No. Two Northern Spring 14 per cent April $190, April-May $182.25, May $182.25, June 183.50, July $184.50, Aug. $187, Sept. $190, Oct. $194, Nov. $199, Dec. $204. Rest unquoted.

Maize—Afloats $136, April $133, May $131.50, June $135, July-Sept. $140, Oct.-Dec. $144, Jan.-March $152.50.

Soyabeans—U.S. Two Yellow Gulfports May $252.25, June $255.75, July $258.75, Aug. $262.75, Sept. $268.75, Oct. $268.25, Nov. $268, Dec. $274, Jan. $278, Feb. $285, March $287, sellers.

Soyameal—44 per cent protein U.S. afloat $226, April $223, May-June $219.50, July $222, July-Sept. $224, Nov.-March $241. Brazil Pellets afloat $236, April $225, June-Sept. $231, Nov.-March $248.50.

PARIS, April 21.

Cocoa (FFr per 100 kilos)—May 1,178-1,198, July unquoted, Sept. 1,240-1,250, Dec. 1,266-1,274, March 1,260, May 1,270. Sales at call 0.

INDICES

FINANCIAL TIMES

Apr. 18	Apr. 17	M'nth ago	Year ago
281.82	284.87	299.69	272.96

(Base: July 1, 1952=100)

MOODY'S

Apr. 18	Apr. 17	M'nth ago	Year ago
1132.6	1131.5	1235.5	1043.4

(Base: December 31, 1931=100)

DOW JONES

Dow Jones	April 18	April 17	Month ago	Year ago
Spot	416.41	420.19	430.66	384.84
F'tur's	426.41	430.63	441.45	386.66

(Average 1924-25-26=100)

REUTERS

Apr. 21	Apr. 18	M'nth ago	Year ago
1700.7	1714.7	1754.8	1549.5

(Base: September 18, 1931=100)

Index Limited 01-351 3466. Three month Copper 915.6-923.4
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CORAL INDEX: Close 439-444 (—1)

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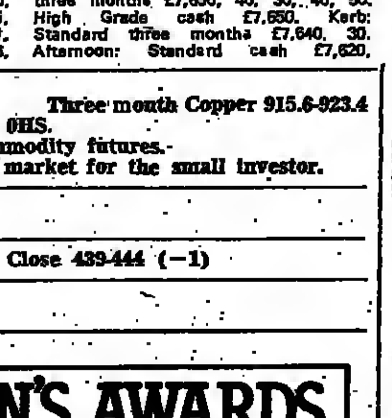

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LONDON STOCK EXCHANGE

Investment funds continue to flow into Gilt-edged but equities remain overshadowed and slip late

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 24	Apr. 10	Apr. 11	Apr. 21
Apr. 14	Apr. 24	Apr. 25	May 6
Apr. 28	May 8	May 9	May 19
May 12	May 29	May 30	June 9

* "New time" dealings may take place from 9 am two business days earlier.

Fresh funds were available for Gilt-edged securities yesterday. Investors were undeterred by the prospect of intensified short-term inflationary pressures, but encouraged by the belief that last week's easing in U.S. Prime Rates might mean that international interest rates had peaked, although Minimum Lending Rate is not expected to fall for some weeks yet. Longer-dated stocks made steady upward progress with the emphasis on Friday's newcomer, the ultra-long **Treasury 13½ per cent 2004-08**.

In £20-paid form, the stocks rose to a premium of 1⅜ despite further stag and loose selling before closing ⅝ up on balance at 20⅞, or ⅞ premium. Other gains in the area also extended to ⅛, but enthusiasm for shorter-dated issues waned after the authorities had announced exhaustion, at 70½, of the special low-coupon tap, **Exchequer 3 per cent 1984**; this stock improved to 70⅞ prior to settling a net ¼ higher at 70⅝, but remaining shorts managed improvements of only ⅛, after 3/16, with the exception of selected low-coupon stocks.

Discounts better

Fairly confident talk that part of the portfolio of **City and International Trust** had been placed through the market with various institutions tended to inhibit trade in the equity sectors; **Guthrie** recently acquired C and IT and intends to place the company into voluntary liquidation. Reflecting the improved labour situation at **BL**, leading shares opened a shade higher but the gains were subsequently lost on lack of support. Situation stocks and those recommended in the week-end financial columns often provided minor features but the overall performance of equities was measured by a fall in the FT 30-share index of 1.6 to 441.1; at noon, it was showing a gain of 1.0.

Demand for Traded options was further reduced with only 448 contracts being completed, well below last week's daily average of 805. Only Cons. Gold Fields, 140 trades, attracted a reasonable level of business.

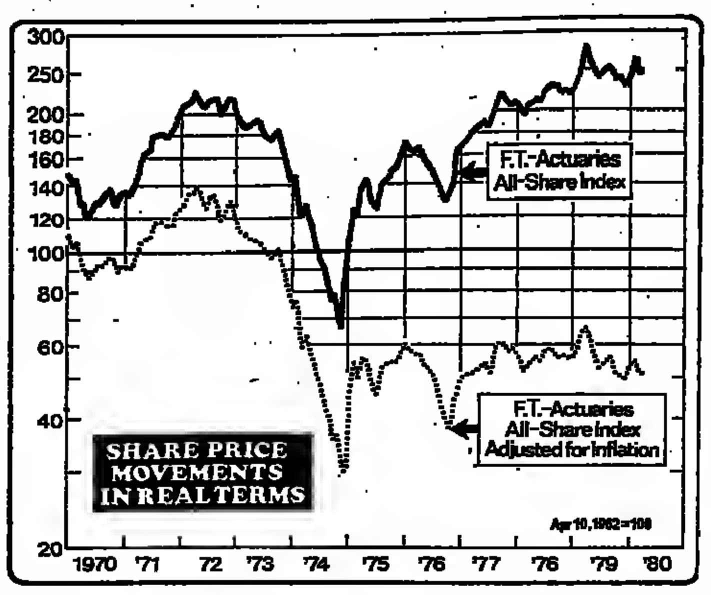
Discounts continued firmly in sympathy with gilts. **Alexanders**, 228p, **Allen Harvey and Ross**, 345p, **Cater Ryder**, 290p, and **Union**, 410p, all appreciated 5, while **Gerrard and National** put on 2 to 220p. **Jessel Toynbee** also hardened a couple of pence to 66p and **Smith St. Aubyn** edged forward a penny to 109p; both sets of preliminary results are due on April 30. The worsening bank messengers' dispute had no apparent effect on **NatWest** which closed unaltered at 330p. **Barclays** rose 3 to 418p. Among irregular Hire Purchases, **FNFC** hardened a fraction to 19p, after 19¾p, following Press comment but **Moorgate Mercantile**, 15p, and **Wagon Finance**, 40p, shed a penny apiece.

A rising market since announcing good results last week, **Hambro Life** continued firmly at 187p, up 7. Other Life Insurance issues made modest progress with **Britannic** 3 to the good at 189p and **Equity and Law** 2 dearer at 228p. **Legal and General** put on 2 to 167p following the annual report. **Royals**, 7 better at 322p, led Composites higher. **Commercial Union** closed 2 up at 134p following the chairman's optimistic statement at the AGM. Lloyds brokers drifted lower on lack of support. **Minet** dipped 3 to 96p as did **Willis Faber**, to 237p.

Breweries and associated issues remained quiet with most hovering around the pre-weekend positions. The odd firm spot was noted among regional issues with **Boddingtons** gaining 3 to 119p in reflection of the chairman's annual statement. Sporadic support was also noted for **Belhaven**, a couple of pence to the good at 31p, and for **Wolverhampton and Dudley**, 5 better at 325p.

The Timber sector's two recent speculative favourites, **Mallinson-Denny** and **Montague L. Meyer**, encountered early profit-taking, but renewed demand in the late dealings left the former just 2 cheaper on balance at 75p, after 72p, and the latter only a penny off at 107p, after 106p. **Magnet and Southerns** reverted to the overnight level of 172p, after 170p, while **Travis and Arnold** put on 6 to 250p awaiting today's preliminary results. Elsewhere in the Building sector, buying ahead of the annual results, due tomorrow, lifted **Blue Circle** 8 to 320p. **Rugby Portland Cement** were quoted at 69p ex the rights issue; the new nil paid shares opened at 13p premium and closed at 15p premium. **George M. Callender** firmed 5 to a 1980 peak of 31p in response to sharply increased profits, but adverse Press mention left **Barratt Developments** 3 easier at 112p, after 111p. By contrast, favourable comment prompted a gain of 6 to 141p in **Manders**. **MDW** hardened a fraction to 51½p following the annual trading statement, while **Wilson (Connolly)**, preliminary results today, added 10 to 200p, the latter in a thin market.

Business in **ICI** improved, but the price, after touching 376p, was finally a couple of pence cheaper on balance at 370p. Among other Chemicals, **Revertex** shed 3 to 32p, after 29p, following the lower profits and final dividend omission.



A. Henriques jump

Special situations provided some notable features among secondary Stores. **Arthur Henriques** jumped 16 to 54p following favourable Press comment, while **Wearwell** added a couple of pence to 49p for a similar reason. **Executex** touched 42p in immediate response to the higher annual profits before profit-taking left the close only a net penny better at 38p. Scattered support was seen for **Harris Queensway**, 208p, and **Moss Bros.**, 240p, up 3 and 5 respectively, while **Maple** picked up 2 to 33½p in front of today's annual results. The leaders held steady in a quiet business although an easier trend was noted towards the close. **Mothercare** closed unchanged at 242p, after 244p, while **Burton** shed a few pence to 116p. **GUS "A,"** on the other hand, retained a rise of 4 at 392p, while revived hopes of a bid from **Lonrho** lifted **House of Fraser** 5 to 132p.

Among Shoes, **Stylo**, firm recently on bid hopes, met profit-taking and gave up 10 to 165p, but support was evident for **Headlam Sims and Coggins**, 3 dearer at 47p.

Electricals passed a rather quiet and uninteresting session. Fresh support lifted **Wholesale Fittings** 5 more to a peak for the year of 630p, while **Dreamland** continued in demand and put on 3 further to 65p. Favourable weekend Press comment left **Eurotherm** a few pence harder at 320p. Apart from **GEC**, which eased 3 to 376p, the leaders held steady.

Movements in the Engineering sector rarely exceeded a few pence either way. Among the occasional noteworthy improvements, **Adwest** found support and put on 6 to 162p, while sporadic demand ahead of tomorrow's preliminary figures left **Delta Metal** 2 firmer at 65p. **Serk**, at 51p, regained 3 after last Friday's drop of 24p which followed the lapsing of the Rockwell bid. Buyers showed interest in **RHP**, which gained 5½ to 100p, while **Davy Corporation** hardened a penny to 88p on the prospect of a £1bn contract to build a coastal steel plant in India. **Anderson Strathclyde** rose to 71p in response to Press mention before reacting to close without alteration on the day at 69p. Among the leaders, **Tubes** drifted off to close 4 down at 248p and **John Brown** eased 2½ to 47½p. **GKN**, aided by Press mention, edged up a penny to 272p.

McCleery L'amie up

Lidstone, up 20 on Friday following the 280p per share cash bid from Greewalk Nominees, put on 40 to 350p in a thin market on speculative buying.

Secondary issues provided the main focal points among miscellaneous industrials. **McCleery L'Amie** stood out with a rise of 7 to 18½p following news of the share or 18p cash alternative bid offered by **Lamont Holdings**, a fraction easier at 27p. **Channel Tunnel** were marked up 15 to 160p on the British Rail announcement that the "chunnel" can be open by July, 1989, while **Office and Electronic** put on 6 to 250p on demand ahead of tomorrow's preliminary results. Favourable weekend Press comment attracted buyers to **John Williams of Cardiff** which left a close of 35p, up 5, while others to make progress for a similar reason included **Central and Sheerwood**, 2½ to the good at 25½p, **BTR** 3 dearer at 361p, and **Myson**, 2 harder at 72p. **Clement Clarke**, 120p, and **Electrical and Industrial Securities**, 58p, improved 2 apiece after trading news, while renewed North Sea oil enthusiasm lifted **Cawoods** 6 to 182p. **Applied Computers** added 7 to 317p and **Boydcote** rose 5 to 80p but **Wade Potteries** cheapened 2 to 49p on the lower first-half profits. The chairman's remarks about the losses sustained by the company because of the steel strike unsettled **Hepworth Ceramic** which closed 3 lower at 105p. Firm initially in sympathy with gilts, the leaders drifted lower and closed mixed. **Unilever** put on 8 more to 428p but **Bowater** shed 3 to 179p. After touching 120p on further consideration of the acquisition of the Bovril Group from Generale Occidentale for £42m cash, **Beecham** finished unaltered at 118p.

Boosey and Hawkes attracted speculative support on the wake of Friday's sharply lower annual profits and put on 24 to 110p.

LWT A, 6 to the good at 114p, led television issues higher. **Grampian A** and **Scottish A** added 2 apiece to 31p and 80p respectively, while **Ulster A** hardened a penny to 69p.

Motor Distributors closed a shade firmer, where altered. **Harold Perry**, preliminary results due Thursday, added 4 to 154p, while gains of a couple of pence were common to **Hartwells**, 71p, **Godfrey Davis**, 171p, and **T. C. Harrison**, 55p. Elsewhere, speculative buying revived for **Fodens**, 3 up at 31p.

The tone in Properties was steady to firm. Up 15 on Friday, **Stock Conversion** hardened a couple of pence to 407p, after 409p, while **Lynton** firmed 7 to a 1980 peak of 174p. **Centrovincial** came in for support and added 3 to 142p, while **Warnford** and **Hammerson A** picked up 5 apiece to 400p and 865p respectively; Hammerson's annual results are due on Friday. Speculative counter **Trafford Park Estates** attracted buyers and put on 3 to 150p, while **UK Property** improved 1½ to 30p. **Land Investors**, on the other hand, shed a penny to 54p following lower half-yearly profits.

Lasmo below best

Interest in the Oil sector centred chiefly on secondary issues. Still reflecting bid hopes, **Lasmo** advanced to 535p before easing on profit-taking to close 12 up on balance at 520p. **Ultramar** continued in demand and rose afresh to 616p before closing 14 up on the day at 604p, while **Tricentrol** ended without alteration at 314p, after touching 328p. Among the more speculative North Sea issues, **Cluff** advanced 30 to 360p and **Gas and Oil Acreage** 10 to 380p, while **Viking Oil** closed ⅛ to the good at £11⅛. With sentiment not being helped by the Iranian situation, leading issues trended easier, **BP** reacting 6 to 336p and **Shell** 4 to 348p.

Furness Withy provided the main feature in the Shipping sector, rising 15 to 371p on late speculative support as recent fears that the CY Tung bid may be referred to the Monopolies Commission appeared to fade. Elsewhere, **P. and O. Deferred** edged up 2 to 122p.

Quiet mines

Mining markets began the week on a quiet note with interest stifled by the weakness of the bullion price which dipped $15 to $497.50 an ounce.

Gold shares showed minor movements either way in minimal trading. The Gold Mines index registered a gain of 1.2 at 301.2.

Among the heavyweights, **West Driefontein** were prominent and rose ½ to £29¾, while gains of ¼ were common to **Buffels**, £13⅞, and **Hartebeest**, £25½.

In the cheaper-priced issues, **Stilfontein** advanced 32 to 729p reflecting favourable Press mention of profits. **Venterspost** were in demand and put on 21 to 560p while **Blyvoor** added 10 to 594p.

Financials remained subdued. London issues were mixed with **GoldFields** up at 476p on favourable Press comment. On the other hand, **Selection Trust** dipped 4 to 616p and **Rio Tinto-Zinc** 2 to 365p. South Africans showed **Gold Fields of South Africa** a point lower at £29½ owing to the weakness of the bullion price.

Australians tended to lose ground reflecting the continuing decline in overnight Sydney and Melbourne markets and lack of interest in London. In the gold producers, **Gold Mines of Kalgoorlie** came on offer and fell 6 to 200p but speculative demand late on Friday and throughout yesterday lifted **North Kalgurli** 4 to 68p, after 70p.

Leichardt Exploration were in demand in overnight domestic markets and moved up 10 to 225p, while **Eagle Corporation** closed 3 firmer at 27p. **Haoma Gold** and **North West Mining** encountered profit-taking which prompted falls of 5 to 43p and 42p respectively.

Elsewhere, Ireland's **Silvermines** rose 4 more to 142p, reflecting the strength of Aran Energy, in which the company holds a near-22 per cent stake, while continuing disappointment with the latest quarterly results left **Cons. Murchison** another 20 down at 350p.

FINANCIAL TIMES STOCK INDICES

	Apr. 21	Apr. 18	Apr. 17	Apr. 16	Apr. 15	Apr. 14	A year ago
Government Secs.	67.00	66.68	66.74	66.62	66.51	66.96	74.70
Fixed Interest	67.35	67.13	67.02	66.75	66.84	66.76	76.76
Industrial	444.1	442.7	442.6	443.1	437.8	438.2	536.0
Gold Mines	301.2	300.0	289.2	293.6	290.7	306.5	141.6
Ord. Div. Yield	7.87	7.95	7.96	7.93	8.03	8.01	5.42
Earnings Yld. % (full)	19.60	19.54	19.50	19.48	19.69	19.70	14.51
P/E Ratio (net) (*)	6.20	6.22	6.23	6.26	6.22	6.21	8.85
Total bargains	18,378	16,505	16,950	16,643	18,172	19,876	—
Equity turnover £m	—	80.34	79.76	81.56	84.19	83.88	104.26
Equity bargains total	—	11,554	11,611	11,329	10,879	11,598	18,278

10 am 443.7. 11 am 443.5. Noon 443.7. 1 pm 443.6. 2 pm 443.6. 3 pm 442.9.

Latest Index 01-246 8026.

*Nil=5.84.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (13/2)	406.2 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 21	Apr. 18
—Daily		
Gilt Edged	124.1	118.6
Industrials	94.1	89.8
Speculative	35.2	19.4
Totals	70.9	65.9
5-day Avge.		
Gilt Edged	129.1	125.8
Industrials	93.7	95.8
Speculative	24.7	26.3
Totals	71.2	72.7

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	325	11	6	—	—	—	—	337p
BP	330	—	—	36	2	48	—	"
BP	350	2½	3	—	—	—	—	"
BP	375	½	23	—	—	—	—	"
BP	400	—	6	—	—	—	—	"
Com. Union	130	5	—	16	—	18	—	134p
Com. Union	140	1	—	8	—	15	—	"
Com. Union	160	¼	—	3	—	[illegible]	—	"
Cons. Gold	420	60	8	[illegible]	—	[illegible]	—	477p
Cons. Gold	460	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Cons. Gold	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Cons. Gold	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Cons. Gold	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Courtaulds	60	8	—	11	—	13	—	67p
GEC	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	377p
GEC	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Grand Met.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	128p
Grand Met.	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI	330	43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	372p
ICI	360	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Land Secs.	300	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	314p
Marks & Sp.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	81p
Marks & Sp.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	300	52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	346p
Shell	330	28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Totals			271		58		[illegible]	
		May		August		November		
Imperial Gp.	80	3	10	5	—	7½	—	79p
Racal Elec.	200	50	5	57	1	58	—	248p
Racal Elec.	220	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Racal Elec.	240	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Racal Elec.	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	366p
RTZ	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Totals			42		[illegible]		[illegible]	

NEW HIGHS AND LOWS FOR 1980

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (105)

BRITISH FUNDS (22)
CORPORATION LOANS (3)
FOREIGN BONDS (1)
BANKS (4)
BEERS (2)
BUILDINGS (2)
DRAPERY & STORES (7)
ELECTRICALS (5)
ENGINEERING (4)
FOODS (2)
INDUSTRIALS (13)
INSURANCE (2)
LEISURE (3)
MOTORS (3)
NEWSPAPERS (1)
PROPERTY (22)
TRUSTS (3)
OILS (6)
MINES (1)

NEW LOWS (32)

AMERICANS (10)

Bendix Corp.	General Electric
Bethlehem Steel	Honeywell
Brunswick Corp.	Norton-Simon
Caterpillar	Rockwell Internatl.
Eaton Corp.	Sperry Corp.
Esmark	TRW Inc.
Ford Motor	Xerox Corp.

CANADIANS (1)
Massey-Ferguson
CHEMICALS (1)
Revertex
STORES (1)
Liberty N-V Ord.
ELECTRICALS (1)
Muirhead
ENGINEERING (2)
Bailey (C.H.) Wadkin
Tomkins (F.H.)
INDUSTRIALS (4)
Lowden Potteries
Renwick Group Wade Potteries
LEISURE (1)
Saga Holidays
MOTORS (2)
Gen. Motors Nelson David
NEWSPAPERS (1)
Routledge Kegan Paul
TEXTILES (1)
Rad. Estates
MINES (2)
Anglo-Am. Inv. Tara Exploration

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	86	—	3
Corpns. Dom. and Foreign Bonds	7	2	47
Industrials	265	136	995
Financial and Prop.	153	40	307
Oils	8	10	13
Plantations	2	5	20
Mines	44	32	60
Others	58	10	38
Totals	623	235	1,483

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon., April 21, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., April 18 Index No.	Thurs., April 17 Index No.	Wed., April 16 Index No.	Tues., April 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	240.16	+0.1	18.39	6.67	6.79	240.02	239.72	239.35	236.35	272.93
2	Building Materials (28)	237.76	+0.4	17.16	6.74	7.33	236.90	235.53	233.81	231.25	254.41
3	Contracting, Construction (27)	356.21	−0.4	26.82	6.93	4.54	357.51	355.83	353.67	349.19	419.78
4	Electricals (16)	629.40	−0.3	13.21	4.01	9.86	631.24	631.02	635.48	623.36	665.32
5	Engineering Contractors (11)	286.24	+0.6	22.93	9.02	5.73	284.67	283.47	283.01	281.66	403.36
6	Mechanical Engineering (74)	160.13	+0.1	21.54	8.25	5.69	159.96	160.32	159.64	158.52	201.58
8	Metals and Metal Forming (16)	164.36	+0.6	21.12	9.91	5.69	163.40	163.47	162.39	160.71	181.95
11	CONSUMER GOODS (DURABLE) (49)	219.24	+0.3	15.39	5.82	8.01	218.63	219.13	218.33	215.44	248.66
12	Lt. Electronics, Radio, TV (14)	318.34	+0.2	11.49	4.16	11.13	317.63	317.86	316.30	310.31	338.06
13	Household Goods (14)	106.82	+0.4	27.67	10.32	4.26	106.38	106.67	106.28	107.46	175.77
14	Motors and Distributors (21)	102.83	+0.4	24.15	9.69	4.92	102.40	103.10	103.10	102.89	127.84
21	CONSUMER GOODS (NON-DURABLE) (173)	219.16	+0.3	18.59	7.08	6.61	218.47	217.50	217.08	215.06	257.39
22	Breweries (14)	273.39	—	16.19	6.43	7.25	273.40	271.26	268.18	265.37	290.59
23	Wines and Spirits (5)	306.54	+0.1	17.77	6.09	6.93	306.14	304.66	301.79	297.05	329.63
24	Entertainment, Catering (17)	296.83	−0.1	19.28	7.32	6.43	297.00	291.71	291.45	288.86	358.00
25	Food Manufacturers (21)	193.88	+1.0	20.32	7.60	6.03	191.90	191.69	190.28	187.47	224.66
26	Food Retailing (13)	303.71	+0.6	12.99	4.64	9.27	302.00	299.28	299.43	295.41	308.11
32	Newspapers, Publishing (13)	419.39	—	24.58	7.22	5.41	419.48	416.40	417.58	414.13	468.13
33	Packaging and Paper (15)	129.97	−0.7	24.54	8.99	5.02	130.88	130.94	130.37	129.66	148.35
34	Stores (43)	218.43	+0.3	13.91	5.34	9.39	217.83	217.76	218.86	217.45	262.46
35	Textiles (24)	123.20	+0.2	29.27	12.51	4.26	122.96	123.22	123.06	121.80	180.34
36	Tobaccos (3)	205.05	+0.5	28.40	11.29	4.00	204.05	202.07	202.07	201.61	271.60
37	Toys and Games (5)	33.50	+1.9	44.88	15.15	2.74	32.89	32.93	33.02	32.66	88.96
41	OTHER GROUPS (98)	200.68	—	17.48	7.32	6.84	200.59	201.04	200.14	198.25	224.34
42	Chemicals (16)	299.49	−0.3	20.68	8.02	5.53	300.29	301.06	299.01	295.43	315.32
43	Pharmaceutical Products (7)	191.13	+0.1	13.13	7.00	9.25	190.97	191.87	193.06	190.18	264.22
44	Office Equipment (6)	110.03	−0.1	19.28	7.45	5.98	110.13	111.11	110.18	109.82	145.17
45	Shipping (11)	469.80	+0.9	12.06	6.43	10.22	465.44	466.75	464.24	456.32	453.91
46	Miscellaneous (58)	241.35	+0.2	17.08	6.96	7.35	240.92	240.84	239.36	238.39	255.93
49	INDUSTRIAL GROUP (492)	226.92	+0.2	18.04	6.94	6.80	226.50	226.16	225.57	223.22	260.48
31	Oils (8)	721.40	−1.3	31.50	7.14	3.41	730.67	716.15	716.58	718.60	677.39
59	500 SHARE INDEX	266.15	−0.1	20.77	6.98	5.65	266.46	265.04	264.53	262.48	294.46
61	FINANCIAL GROUP (118)	199.78	+0.5	—	6.13	—	198.81	199.39	198.00	195.70	208.45
62	Banks (6)	215.09	+0.2	45.50	7.16	2.69	214.60	214.71	215.07	212.08	245.44
63	Discount Houses (10)	232.96	+1.3	—	8.57	—	229.87	228.00	222.44	222.44	260.96
64	Hire Purchase (3)	201.48	−0.2	16.30	4.93	7.97	201.94	203.15	203.11	203.71	199.94
65	Insurance (Life) (10)	183.33	+1.2	—	6.95	—	181.16	180.90	177.41	176.17	172.76
66	Insurance (Composite) (9)	127.34	+1.2	—	8.19	—	125.87	127.73	125.34	125.30	151.45
67	Insurance Brokers (10)	298.87	−0.9	16.53	6.85	8.51	301.63	305.08	304.71	304.15	321.66
68	Merchant Banks (14)	104.42	—	—	5.98	—	104.41	103.36	102.64	101.37	99.09
69	Property (45)	390.00	+0.5	3.34	2.87	42.87	388.16	387.55	386.85	378.00	350.30
70	Miscellaneous (9)	127.84	—	20.45	7.35	6.22	127.87	128.11	126.83	124.86	125.19
71	Investment Trusts (109)	213.96	+0.4	—	6.13	—	213.09	212.43	211.42	210.38	241.18
81	Mining Finance (4)	186.71	+0.1	14.28	5.28	8.50	186.53	186.94	189.03	184.71	137.65
91	Overseas Traders (19)	388.50	−0.7	13.06	6.95	9.38	391.37	385.61	390.23	387.84	364.39
99	ALL-SHARE INDEX (750)	250.17	—	—	6.73	—	250.14	249.20	248.63	246.47	270.70

FIXED INTEREST PRICE INDICES

	British Government	Mon., April 21	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	102.11	+0.14	—	3.45
2	5-15 years	106.95	+0.50	—	3.97
3	Over 15 years	110.89	+0.53	—	4.51
4	Irredeemables	127.61	+0.72	—	1.78
5	All stocks	106.35	+0.39	—	3.89

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Mon., April 21	Fri., April 18	Year ago (approx.)
1	Low Coupons	5 years	12.53	12.61	9.35
2		15 years	12.34	12.42	10.23
3		25 years	12.34	12.42	10.80
4	Medium Coupons	5 years	14.29	14.35	10.93
5		15 years	13.92	14.01	11.54
6		25 years	13.79	13.87	11.67
7	High Coupons	5 years	14.40	14.46	11.29
8		15 years	14.27	14.35	11.91
9		25 years	14.18	14.25	11.96
10	Irredeemables		11.72	11.80	10.65

		Mon., April 21 Index No.	Mon., April 21 Yield %	Fri. April 18	Thurs. April 17	Wed. April 16	Tues. April 15	Mon. April 14	Fri. April 11	Thurs. April 10	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	48.89	†14.81	49.82	49.85	49.74	49.62	49.68	48.49	40.41	60.70
16	Investment Trust Prefs. (15)	47.67	14.18	47.67	47.72	47.72	47.69	47.69	48.05	46.88	62.93
17	Coml. and Indl. Prefs. (20)	61.64	14.55	61.38	61.81	61.26	61.46	61.42	61.01	61.01	76.03

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BP	25p	9	336	−6	412	328
Shell Transport	25p	8	348	−4	410	314
Ultramar	25p	8	604	+14	616	412
Imp. Cont. Gas	£1	7	756	+2	778	593
Tricentrol	25p	7	314	—	334	250
BAT Inds.	25p	6	240	+2	271	226
Barclays Bank	£1	6	418	+3	452	392
Grand Met.	50p	6	127	—	145	120
LASMO	25p	6	520	+12	535	337
600 Group	25p	6	58	+2	67	54
Brent Chems. "New"	Nil/pd.	5	93pm	+1	95pm	90pm
GEC	25p	5	376	−3	388	326
Imperial Group	25p	5	79	—	84	71¾
Mallinson-Denny	25p	5	75	−2	77	44½
Racal Elec.	25p	5	248	—	248	175

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr. 21	May 2	Aug. 7	Aug. 18
May 6	May 17	Aug. 28	Sept. 8
May 19	May 30	Sept. 11	Sept. 22

For rate indications see end of Share Information Service.

Calls were dealt in Airfix, Burmah, Premier Oil, Carless Capel, Chubb, William Mallinson, Courtaulds, Group Lotus, Parkland, Woodside, Regalian Properties, Tricentrol, Debenhams, FNFC, Oil Search, British Land, W. L. Pawson, BSG, Bambers, "W" Ribbons and Burmah Mines. Puts were done in Serck, Berec and FNFC, while doubles were arranged in Britannia Arrow and Tricentrol.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
50	F.P.	—	140	83	Berkeley Exploration	123					
—	F.P.	—	180	135	Hemordon Mining	180					
90	F.P.	—	101	94	Horizon Midland 10p	100					
—	F.P.	—	[illegible]	[illegible]	[illegible]	[illegible]					
10	F.P.	6/5	10¼	10	Trst. of Prop. Shrs. 3p	10					
—	F.P.	25/5	22	20	Ward Hldgs. Dfd.	21					

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
100p	F.P.	—	101	98	Edwards (L.G.) 8% Conv. Red. Cum. Pref.	101	
—			113	104	Globe Inv. Tst. 11% Conv. Uns. Ln. '90-95	[illegible]	
—			[illegible]	[illegible]	Imp. Cont. Gas 8% Conv. Uns. Ln. 1994-95	[illegible]	
—	F.P.	—	106	100	Leigh Interests 10pc Conv. Uns. Ln. 1984-95	106	
—			[illegible]	[illegible]	Mid Kent Water 9% Red. Pref. 1985	[illegible]	
10¼			[illegible]	[illegible]	Mid Southern 10% Red. Pref. 1986	[illegible]	
—			[illegible]	[illegible]	Norwest Holst 11% Red. Cum. Pref. 1985	[illegible]	
—			[illegible]	[illegible]	Sutton District Water 10pc Red. Pref. 1985	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
135	F.P.	—	167	158	AGB Research	171	−4
223	F.P.	—	345	285	Aran Energy	340	+12
30	Nil	—	[illegible]	[illegible]	Brent Chemicals	93pm	+1
60	Nil	—	865	669	Hammerson Prop. A	855	+10
48	Nil	—	17pm	10pm	Howard Tenens	17pm	
60cts	Nil	—	[illegible]	[illegible]	[illegible]	265pm	
54	Nil	—	18pm	13pm	Rugby Portland Cement	15pm	
68	F.P.	—	[illegible]	[illegible]	United Biscuits	71	
110	Nil	—	18pm	[illegible]	Watmoughs	18pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.60 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Trust

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FT UNIT TRUST INFORMATION SERVICE

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Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(c)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fund

Confederation Funds Mgt. Ltd.

Cosmopolitan Fund Managers

Crescent Unit Trust Mgrs. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

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Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

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Mayflower Management Co. Ltd.

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Minster Fund Managers Ltd.

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National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

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Perpetual Unit Trust Mngmt.

Practical Invest Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

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Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

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Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

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Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Aberdeen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

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INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
60	56½	Agric. Mt. 5pc '59-89	60	......	8.53	12.77
78	73½	Alcan 10½pc '89-94	78	......	15.81	14.60
26½	25	Met. Wtr. 3pc 'B'	26½	......	11.47	13.47
102	99	U.S.M.C. 9pc 1982	90	−3	10.44	—
88¾	85½	Do. without Warrants	88½	......	10.60	17.10

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's	P/E
244	202	ANZ $A1	212	......	022c	3.7	5.3	5.1
228	163	Alexanders D. £1	228	−5	16.1	—	10.0	—
£76½	£56	Algemene Fl.100	£65½	......	035%	⊕	7.9	⊕
345	290	Allen Harvey £1	345	−5	21.5	—	6.9	—
126	108	Allied Irish	112	......	hC8.0%	—	7.0	—
16¼	13	Arbuthnot [illegible]	13¼	......	—	—	—	—
226	180	Arbuthnot L. £1	226	−2	+10.42	—	4.3	—
360	320	Bk. Ireland £1	330	......	Q35.0	—	7.3	—
£162	£146	Do. 10pc Conv.	£152	......	010%	—	+6.6	—

BANKS & HP—Continued

Hire Purchase, etc.

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INSUR[ANCE]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052.Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	23	......	—	—	—
24	12	ACM 20c	13	......	—	—	—
115	70	Bond Corp.	78	+3	Q3.75	2.2	2.3
156	88	Bougainville I Kina	98xc	−7	toQ26.4c	ϕ	15.8
265	195	BH South 50c	200	......	←	—	—
25	11½	Canada Northwest	14½	......	—	—	—
42	8	Carr Boyd 20c	24	+1	—	—	—
£26	£15¼	Central Pacific	£20	......	—	—	—
356	230	Conzinc Riotinto 50c	242	+2	Q15c	2.1	3.2
39	17	Cultus Pacific N.L.	32	......	—	—	—
50	20	Eagle Corp. 10c	27	+3	—	—	—
26¼	15¼	Endeavour 20c	18½	......	—	—	—
258	175	G. M. Kalgoorlie 25c	200	−6	†Q3c	—	0.8
46	15	Great Eastern	22	−½	—	—	—
372	260	Hampton Areas 5p	320	−5	3.5	2.8	1.6
48	30	Haoma Gold N.L.	43	−5	—	—	—
720	80	Leichardt Explo.	225	+10	—	—	—
72	41	Metals Ex. 50c	58	−1	—	—	—
312	194	M.I.M. Hldgs. 50c	190	−4	toQ16.1c	1.8	4.2
40	18½	Minefields Expl.	40	......	—	—	—
155	60	Mount Lyell 25c	70	......	—	—	—
28	15	Newmetal 20c	15	......	—	—	—
35	12	Nickelore N.L.	13	−½	—	—	—
207	138	North B. Hill 50c	141	−2	†Q12c	1.4	4.4
80	44½	Nth. Kalgurli	68	+4	—	—	—
165	90	Nth. Mining Corp.	102	......	—	—	—
47	24	N. West Mining N.L.	42	−5	—	—	—
235	158	Oakbridge SA1	161	......	Q12c	4.7	3.9
122	70	Oilmin N.L.	72	......	—	—	—
230	128	Pacific Copper	182	−2	—	—	—
465	265	Pancont'l 25c	295	......	—	—	—
78	43	Paringa M&Ex.5p	44	......	—	—	—
495	345	Peko-Wallsend 50c	345	−5	tQ17.5c	ϕ	2.6
230	140	Seltrust A	150	......	—	—	—
£10¼	575	Southern Pacific	737	......	—	—	—
75	3)	Swan Resources 20c	45	......	—	—	—
13	9½	West Coast 25c	9½	......	—	—	—
264	177	Westn. Mining 50c	197	+1	†Q7c	1.6	1.9
30	10	Westmex	13	......	—	—	—
96	56	Whim Creek 20c	92	......	—	—	—
24	10½	York Resources	14	......	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	16	Amal Nigeria 1p	16	......	t6.0	1.9	53.6
345	265	Ayer Hitam SM1	270	......	‡Q290c	0.9	‡
67	48	Beralt Tin	49	......	4.5	ϕ	13.1
185	149½	Berjuntai SM1	165	......	‡Q95c	1.0	‡
230	153	Geevor	205	......	8.71	3.1	6.1
11	10	Gold & Base 12½p	10	......	—	—	—
365	310	Gopeng Cons.	330	+5	†25.0	1.8	11.0
310	280	Hongkong	300	......	35.87	ϕ	17.1
105	90	Idris 10p	98	......	Z8.0	ϕ	11.7
15	14	Jantar 12½p	14	......	—	—	—
77	64	Kamunting SM0.50	67	......	Q47½c	1.1	15.9
340	300	Killinghall SM1	340xd	......	Q100c	ϕ	6.0
670	485	Malay Dredging SM1	580xd	......	mQ105c	2.6	3.7
33	26	Pahang	27	......	0.44	0.3	2.4
108	92	Pengkalen 10p	92	......	6.0	1.3	9.4
290	230	Petaling SM1	260	......	Q150c	1.4	11.7
70	57	Saint Piran	60	......	‡ϕ2.5	6.4	‡
44	50	South Crofty 10p	32	......	‡3.0	2.0	‡
255	190	South Kinta SM0.50	200	......	Q150c	1.0	15.3
400	340	Sthn Malayan SM1	365xd	......	†Q175c	2.1	9.8
295	215	Sungei Besi SM1	260	......	†Q520c	1.0	40.8
39	22½	Supreme Corp. SM1	35	......	hQ8c	—	4.7
100	95	Tanjong 15p	95	......	24.5	ϕ	6.8
95	80	Tongkah H. Tin	80	......	Q45c	1.3	12.6
275	220	Tronoh SM1	230	......	†Q25c	5.2	2.2

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	196	+2	mQ10c	ϕ	3.0

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
160	78½	Anglo-Dominion	135	−7	—	—	—
97	58	Barymin	70	+3	—	—	—
15½	12	Burma Mines 17½p	15½xd	+1½	0.62	ϕ	5.8
502	330	Cons. Murch. 10c.	350	−20	MQ100c	1.8	16.4
585	325	Northgate C$1	350	−10	—	—	—
485	327	R.T.Z.	365	−2	15.0	q3.3	6.0
33	16	Robert Mines	27	......	—	—	—
58	27	Sabina Inds. C$1	35	+3	—	—	—
650	475	Tara Exptn. $1	475	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	27	......
Bertam	18	......
Bdg'wtr. Est. 50p	370	......
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	37	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	£12	+¼
Higsons Brew	75	......
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	172	......
Pearce (C. H.)	205	......
Peel Mills	39	......
Sheff. Refrshmt	99	......
Sindall (Wm.)	155	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£86	......
Nat. 9¾% 84/89	£72	+½
Fin. 13% 97/02	£80	+⅞
Alliance Gas	50	......
Arnott	360	......
Carroll (P.J.)	52	......
Clondalkin	103	......
Concrete Prods.	77½	......
Heiton (Hldgs.)	33	......
Ins. Corp.	250	......
Irish Ropes	68	......
Jacob	35	......
T.M.G.	138	+1
Unidare	102	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
A. Brew	8
BOC Intl.	6
B.S.R.	5
Babcock	12
Barclays Bank	30
Beecham	13
Blue Circle	25
Boots	17
Bowaters	16
B.A.T.	25
Brown (J.)	7
Burton 'A'	22
Cadburys	5½
Courtaulds	0
Debenhams	0
Distillers	21
Dunlop	5½
Eagle Star	14
F.N.F.C.	2½
Gen. Accident	21
Gen. Electric	30
Glaxo	40
Grand Met.	12
G.U.S. 'A'	30
Guardian	25
G.K.N.	22
Hawker Sidd	16
House of Fraser	12
I.C.I.	32
"Imps"	7
I.C.L.	45
Inveresk	5
Ladbroke	15
Legal & Gen.	14
Lex Service	10
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lucas Inds.	20
"Mams"	14
Mrks. & Spncr	9
Midland Bank	30
N.E.I.	5
Nat. West. Bank	32
P & O Dfd.	9
Plessey	16
Racal Elect.	20
R.H.M.	4½
Rank Org.	18
Reed Intnl.	17
Sears	5½
Tesco	7
Thorn	25
Trust Houses	14
Tube Invest.	27
Unilever	40
U.D.T.	6
Utd. Drapery	4
Vickers	14
Woolworths	6½

Property

Stock	Rate
Brit. Land	7
Cap. Counties	9
Land Secs.	25
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils

Stock	Rate
Brit. Petroleum	38
Burmah Oil	20
Charterhall	12
KCA	11
Premier	12
Shell	35
Tricentrol	35
Ultramar	50

Mines

Stock	Rate
Charter Cons.	10
Cons. Gold	52
Lonrho	12
Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

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FLUID TRANSFER, CONTROL AND FILTRATION ● LUBRICATION SYSTEMS ● GARAGE EQUIPMENT ● COMBUSTION ENGINEERING

FINANCIAL TIMES
Tuesday April 22 1980

Vent-Axia
The first name in unit ventilation...look for the name on the product.

Record sales for Ford UK

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD of Britain achieved record sales, £3.19bn, and profits, £386m, last year. It also paid a record £135m dividend to its U.S. parent, compared with £78m the previous year.

However, neither the UK balance of payments nor the Treasury received extra benefits from the company's record year.

Although exports from the UK rose by 30 per cent to a peak of £1.01bn last year, this was wiped out by a major surge in imports, particularly of built-up cars. So Ford made no net contributions to the UK balance of trade. In 1978 it made a net contribution of £203m.

Tax paid by the company fell sharply, from £98m to £39m. This was mainly because of the relief attracted by heavy capital spending which reached £334m — another record — against £163m in 1978, and because of a jump in stock appreciation relief.

Ford rebuilt stocks last year after they were almost completely depleted by the nine-week strike in the autumn of 1978.

Nearly half the new Ford cars sold in the UK last year were assembled outside Britain. Sir Terence Beckett, chairman and managing director, admitted yesterday that the record sales and market leadership in Britain were achieved with "substantial help from Ford cars built on the Continent.

"Some of these imports, like the Granada and the Capri, were the result of planed compnay decisions, but many were not. We must continue to raise the level of productivity in British plants if we are to get the most benefit from the popularity of our vehicle ranges."

He said that Ford was determined to match its 1979 volumes this year even though UK new car sales are forecast to drop to 1.5m from last year's 1.71m. "That means we need to increase our market share to more than 32 per cent and so far we are on target."

Sir Terence's salary is linked to the results and last year he was paid £84,726, some £8,000 more than in 1978.

Ford of Britain's continued success is vital to the U.S. parent, which last year is estimated to have incurred a $1bn loss on its North American business. But operations outside the U.S. and Canada contributed enough for the group to report a $1.2bn net profit for 1979.

However, Ford's problems in the States this year have increased. It argues that it pumped money into Ford of Britain—and Ford of Europe—in years parst and now some cash needs to flow in the other direction.

Ford of Britain's sales last year of £3.193bn topped the previous best year, 1978, when they reached £2.363bn, by 35 per cent.

The number of vehicles sold, 834,000 cars, trucks and tractors, was also the highest yet achieved. As expected it was well above the 673,000 for strike-hit 1978, but it also best the 712,000 for 1968.

Sales in export markets reached a new high of £1.167bn (£929m in 1978), while direct exports from the UK earned a record £1.010m, up 30 per cent from £775m. The number of vehicles sold in export markets—£239,000—was the highest for ten years.

The £334m of capital expenditure (£163m in 1978) kept the company on target at the half-way mark in its four-year, £1.058bn investment programme.

Sir Terence commented: "Although we made a great deal of money, it still wasn't as much as we are going to have to make if we are to invest at a level that will keep the company competitive against the European manufacturers and, particularly, the Japanese."

The profit before tax of £386m last year (£242m) became £347m (£144m) after tax.

AUEW power shift to right

By Alan Pike, Labour Correspondent

MODERATE delegates seized control of the Amalgamated Union of Engineering Workers' policy-making national committee yesterday. It is a significant power shift over the past year.

Voting for the five-strong standing orders committee which decides conference business resulted in all right-wing delegates being elected by 29 to 23. This indicates the right wing will be able to muster the same majority on important policy issues during the conference. Last year left and right were divided 26-26.

Later in the year the left achieved a majority at a recalled meeting which plunged the union into the national engineering dispute.

Another important consequence of the right-wing majority will be on the union's attitude to Labour Party reform. Last year left-wingers cast the AUEW's block vote at the Labour Party conference in favour of mandatory reselection of MPs and preparation of the election manifesto solely by the party's national executive committee.

But later this week the AUEW executive will present delegates with a discussion document much closer to the position of Mr. James Callaghan and the national executive committee's right wing.

The return of the national committee to firm right-wing control comes at an important time for the moderate AUEW executive.

This year's committee is sitting as the union's rule-revision committee and will consider constitutional changes designed, among other things, to complete amalgamation with the AUEW's semi-autonomous foundry and construction sections, and bring in the National Union of Sheet Metal Workers.

Opening the conference in Blackpool yesterday, Mr. Terry Duffy, president, warned that the Government's Employment Bill could result in workers being forced to break the law.

It proposed changes which would undermine well established rights in areas such as picketing and union membership agreements.

"In particular, it seeks to impose measures designed to impede the trade union movement from functioning effectively by removing some of our present immunities and making unions liable for damages which would be potentially crippling," Mr. Duffy said.

Unity on Chrysler rescue

BY IAN HARGREAVES

CHRYSLER'S MAIN lenders and the U.S. Government appeared yesterday to be uniting around a plan to save it from bankruptcy.

Mr. John McGillicuddy, chairman of manufacturers Hanover Trust, the company's lead bank, travelled to Washington to inspect a final version of the rescue programme.

It involves heavily slimming down Chrysler, the third largest American motor company. Bankers expect the plan to be circulated to the company's lenders—more than 400—later this week.

Although any lender could halt the deal by calling the company into default, there was growing optimism that the main parties have at last found a basis for rescuing Chrysler.

The plan involves reducing Chrysler speedily to a two-model range manufacturer, closing three of its nine North American assembly plants. It will produce only its existing small car rangeof Dodge and OMNI vehicles, to be supplemented from the autumn by its small, front-wheel drive K-car and possibly later, by an enlarged version of the K-car.

"We see ourselves as a European-style manufacturer with two basic automobile platforms," said Mr. Barron Bates, a company vice-president.

The lead banks, meanwhile, appear to have won Treasury acceptance that they will not be forced to put new money into Chrysler. The most rigorous interpretation of the Chrysler aid legislation passed by Congress last year suggests they must.

In return, the lead banks now seem ready to convert, over a period of years, $500m of loans to the company into preferred stock holdings. The banks have also received assurances that their legal ability to call a default on over $3bn extended by banks and other institutions to Chrysler Financial, the financing subsidiary, will not be jeopardised under the terms of the deal.

Gaining the agreement of 400 parties to a complex legal document remains a hurdle, but there were widespread indication yesterday that the corner may have been turned on settling rescue terms for the rescue.

Chrysler said its latest research showed the U.S. preference for small cars had now gone so far that it could operate viably in that market. In the autumn it told Congress that it could only survive as a full-tine manufacturer.

'No special action' planned to ease U.S. recession

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Administration plans "no special action" to soften the impact of an economic recession this year which it expects to be relatively mild and short-lived, says Mr. G. William Miller, the Treasury Secretary, in an interview with U.S. News and World Report magazine.

Mr. Miller reiterated the official 1980 forecasts, revised last month, along with the Federal Budget, of a rise in consumer prices of 12.8 per cent from the fourth quarter of last year to the fourth quarter of this year, and of a real 1½ per cent decline in gorwth of the same period.

"While 12.8 per cent inflation is terible, it's better than 18 per cent (the projected annual rate from the first two months of this year)," Mr. Miller said.

His words were distinctly discomforting to those sectors of the economy which might have hoped for some counter-cyclical Administration action to offset the coming recession's impact. Mr. Miller said the expected recession would be self-healing and would not require special action. People and business would go through an adjustment and then return to normal.

President Carter—with today's Pennsylvania primary election in view—sought to convey a somewhat different impression last Thursday at his Press conference, when he listed verious aid measures. Apart from higher target prices for farmers and increased mortgage rate subsidies for house buyers, the measures included an extra $1bn (£448m) in the rest of this fiscal year, which ends on September 30, to help laid-off car workers until they can find new jobs.

This aid is required under the "trade adjustment assistance" provisions of the 1974 Trade Act. But the extent to which redundant car workers are likely to draw on it in the coming months has caught the Administration by surprise. It is doing a further juggling act with the Budget to find the necessary funds without increasing overall spending.

The domestic car industry's problems have been compounded by continuing high consumer demand for smaller and more fuel efficient foreign cars. The Carter Administration has pointedly refused to curb these imports, though it is actively encouraging Japanese manufacturers to set up car plants in the U.S.

The recent slight easing in interest rates, which will be reflected in the mortgage finance market, has lent some plausibility to the Administration's forecast of a marked improvement in inflation by the end of the year. Housing costs account for more than 20 per cent of the weighting of the Consumer Price Index—the most commonly used measure of inflation—while energy costs are given less than half that importance.

Mr. Carter went so far last week as to speculate in public that, if mortgage rates went down about 2 per cent, and the increase this year in OPEC energy costs was restrained to about 20 per cent, a substantial reduction in inflation of "of may be 8 per cent or more" was possible from the present rate of nearly 20 per cent.

BNOC Continued from Page 1

He added that over the coming years the corporation would be making profits of "hundreds of millions of pounds" annually.

The Corporation has already taken steps to repay, ahead of schedule, $400m of the $825m loans raised through a consortium of UK and U.S. banks in 1977. These loans were due to be repaid between December next year and June 1985. Now almost half of the borrowings will have been cleared by June next year.

Mr. Utiger said BNOC had already reached a position where it did not require outside funding. The Corporation's future investment programme, totalling £250m to £350m annually, would be funded from cash flow.

Some £40m is to be spent on oil and gas exploration this year. Mr. Utiger said that the Corporation was now the most active exploration company on the UK continental shelf.

The group was in the process of forming about eight drilling consortia which would be bidding for seventh round exploration licences in the next few weeks.

BNOC, which already has a stake in eight oilfields, either on stream or under development, is looking at new development projects: an oil find on Block 30/17b; various small oil traps around the Thistle Field; and in the much longer term a gas and condensate (very light oil) field on Block 16/3a, operated by Marathon.

New York halts Itel trading

By David Lascelles in New York

THE NEW YORK Stock Exchange yesterday halted indefinitely all trading in securities of Itel, the ailing Californian computer leasing company which is trying to negotiate financial aid with its bankers.

The exchange said it took the step because of Itel's failure to provide shareholders with an annual report covering the year ended December 1979. Itel last published an earnings report in the third quarter of last year, showing a nine-month loss of $226m (£101.2m).

The company has advised the exchange it expects to have the annual report ready "in early to mid-summer."

Itel said last month it would delay payment on several unsecured loans until it reached an interim financing agreement with its lender. Some payments are due. However, Itel said it is making use of the grace period allowed under the loans' terms.

There was still no news on Itel's talks with its lenders

Third World guidelines

BY BRIJ KHINDARIA IN GENEVA

THIRD WORLD and industrialised countries have agreed to establish guidelines to control restrictive business practices by multi-national and other large companies which affect developing countries.

The agreement, reached yesterday, concludes five years of negotiations. Although voluntary, the guidelines, entitled "Rules and Principles," will become models for binding national legislation in many Third World countries.

Feature, Page 13

Weather

UK TODAY

MAINLY dry, sunny periods; some rain in Scotland.

S.E., E. and Cent. N. England, London, E Midlands
Sunny periods. Max. 14 to 15C (57 to 59F).

S. and S.W. England, Channel Isles, W. Midlands, S. Wales
Sunny periods, warm. Max. 13 to 15C (55 to 59F).

Rest of England, N. Wales, S. Scotland, N. Ireland
Sunny periods. Max. 13 to 14C (55 to 57F).

Aberdeen, Moray
Sunny periods. Max. 11C (52F).

Rest of Scotland, Orkney, Shetland
Some rain. Max. 10 to 11C (50 to 52F).

Outlook: Sunny periods; warmer in S., rain in N.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	Jo'burg	S	21	70
Algiers	C	17	63	L. Palms	C	21	70
Amsdm	C	9	48	Lisbon	S	17	63
Athens	S	20	68	Locarno	F	14	57
Bahrain	S	30	86	London	F	10	50
Barclna	S	15	59	Luxmbg.	F	7	45
Beirut	F	21	70	Madrid	S	14	57
Belfast	C	9	48	Majorca	C	13	55
Belgrd.	R	8	46	Malaga	S	20	68
Berlin	F	6	43	Malta	F	21	70
Biarritz	S	11	52	M'chstr	F	10	50
Bmghm.	F	10	50	Melbne.	C	21	70
Blckpl.	F	9	48	Mex. C.	C	21	70
Bordx	F	11	52	Milan	F	14	57
Boulgn.	C	7	45	Montreal	C	8	46
Bristol	S	12	54	Moscow	C	8	46
Brussels	S	9	48	Munich	C	4	39
Budpst.	R	6	43	Nairobi	R	21	70
B. Aires	R	19	66	Naples	C	13	55
Cardiff	F	11	52	Nwcstl	F	9	48
Cardiff	F	11	52	N. York	S	19	66
Cas'b'ca	C	19	66	Nice	F	14	57
Chicago	S	22	72	Nicosia	S	19	66
Cape T.	R	19	66	Oporto	S	19	66
Cologne	S	22	72	Oslo	F	12	54
Cpnhgn.	F	8	46	Paris	C	8	46
Corfu	F	17	63	Perth	R	18	65
Dublin	C	12	54	Prague	R	6	43
Dbrvnk.	C	15	59	Reykjk.	S	6	43
Ednbgh	R	8	46	Rhodes	S	19	66
Faro	S	20	68	Rio J'o	S	30	86
Florence	C	9	48	Rome	C	11	52
Frankft	F	9	48	Salzbrg.	Sn.	1	34
Funchal	C	17	63	Sydney	R	19	66
Geneva	C	8	46	Tangier	C	19	66
Gibrltr.	S	21	70	Tel Aviv	F	21	70
Glasgow	C	7	45	Tenerife	F	18	64
G'rnsey	S	9	48	Tokyo	C	20	68
Helsinki	C	5	41	Toronto	S	14	57
H. Kong	C	26	79	Tunis	C	13	55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C—Cloudy F—Fair Fg—Fog R—Rain S—Sunny Sl—Sleet Sn—Snow.

THE LEX COLUMN

Dagenham's cheque for Detroit

The 1979 accounts of Ford in Britain record an exceptional year—the contrast with BL is almost preposterous. With a market share in cars rising from 24.6 per cent to 28.3 per cent, Ford pushed pre-tax profits ahead from £242m to £386m, a complete recovery from a long and damaging strike. The current cost figures, which show a pre-tax surplus up 140 per cent at £309m, are not going to be much use to the company in the next wage round.

The rise in cash flow has enabled the company to raise the dividend it pays to its beleaguered parent by a timely 73 per cent to £135m. In addition, after a long period in which Ford can hardly have maintained its fixed assets in real terms, capital spending has taken off. Having doubled in 1978 to £163m, it doubled again to £334m last year as the bulk of the new engine plant at Bridgend was fitted out and tooling was set up for the Escort replacement due later this year.

This was achieved with a more £17m increase in borrowing, largely because the sharp rise in stocks and debtors since the end of Ford's strike was matched pound for pound by higher creditors, both suppliers and car dealers. Stocks rose by £159m, net working capital as a whole by only £2m.

The combination of high capital spending and stockbuilding means that Ford is paying less tax than ever: £56m was paid in 1979, and the tax charge relating to the year's profits is a mere £39m, or 10 per cent. If the German tax authorities were not so eagle-eyed, the temptation to arrange for European profits to surface in the Dagenham tax haven would be almost irresistable.

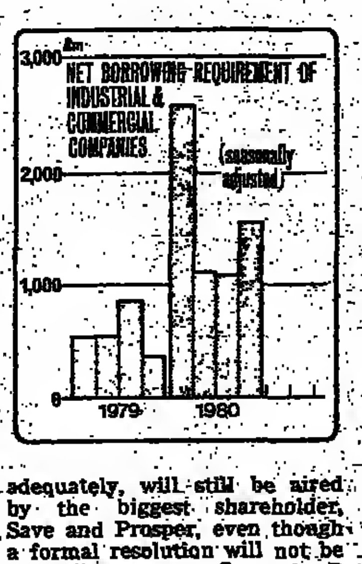
This year, after a buoyant first quarter, the signs of softness in the market, particularly for large cars, are multiplying. Ford is budgeting to maintain its unit sales in the UK, which will mean taking well over 30 per cent of the market on the company's own projections, but the underlying trend may not become clear until BL's price-cutting campaign has worked its way out.

Mercantile Inv.

Today's annual meeting of Mercantile Investment Trust will unleash fewer fireworks than last year's, when an attempt by rebel shareholders to liquidate the company was defeated. However, the issue raised by the rebels, that the share price should reflect the undertying assets more adequately, will still be aired by the biggest shareholder, Save and Prosper, even though a formal resolution will not be put. Last year S and P abstained in the vote, along with the bulk of the institutions, saying that it would consider action if the discount of shares to assets remained at its high level over the following two years. Halfway through that period the discount of share price to "going concern" asset value has in fact risen, from 27 to 29 per cent.

The sector continues to be under pressure. There could be some improvement as a result of the Budget capital gains tax change, but the 52 per cent corporation tax burden means that at a time when private investors are streaming out of the market, investment trusts are not tax efficient for the gross funds except at a discount. The key question is whether S and P and the other institutions will regard as adequate the Mercantile chairman's admission in the 1980 report that he *can see no ready solution to* the problem.

Index fell 1.6 to 441.1



Morgan Guaranty

Morgan Guaranty Trust Company currently has over $30bn of funds under management in its trust and investment division—and an increasing proportion is finding its way into capital markets outside the U.S. Its total international assets currently exceed $1.8bn, and the latest annual report shows that its typical pension fund has 6 per cent of its equity investment in international securities at the end of 1979, compared with nothing in 1974. The long-term target is 10 per cent.

The annual rate of return from these international equities was not exciting last year, at just 6.2 per cent. But the annualised compound return since 1975 has been over 23 per cent, which is a lot better than the performance of its U.S. equities. Currency movements account for roughly a quarter of this return.

The other feature of this report is a substantial increase in money market investments over the year—up from 11 to over 20 per cent of funds under management. Morgan Guaranty says its assets are still highly liquid, and that it remains to be convinced about the rally in the long bond market. But with over $6bn on the street at the end of last year, it could be forgiven for feeling a little edgy.

Company debt

At £6.34bn the net borrowing requirement of industrial and commercial companies for 1979 just topped the previous peak of £6.09bn recorded during the notorious financial squeeze of 1974. Figures for the final quarter of 1979, released by the Central Statistical Office yesterday, show an increase in borrowing compared with the middle two quarters of the year. But a quarterly figure of around £1.5bn is in real terms nothing like so serious as the levels which were being experienced five years ago.

An analysis of why company finances deteriorated last year the NBR compared with just £2.5bn for 1978) should also give some clues about how the position could be improved again. One important reason was the burst of stockbuilding which cost £2bn more than the year before, whereas fixed capital spending was only £0.8bn higher. Moreover dividends jumped by £1.25bn, boosted by the once-and-for-all backlog Shell and Unilever. The rise in cash spending on stock market securities from £0.76bn to £1.05bn was comparatively unimportant in the whole picture, but it was a sign that plenty of companies still had spare resources.

If stocks are trimmed this year, dividends slip to more normal levels and cash bids are less lavish, the company sector could easily economise to the tune of £3bn or more. What the aggregate figures do not show, however, is the extent to which the gloom is concentrated in the manufacturing sector. And the big unknown factor is the direction of profits, which were already slipping a little in 1979 net of stock appreciation and North Sea oil.

Richardson backs monetary policy

BY PETER RIDDELL, ECONOMIC CORRESPONDENT

MR. GORDON RICHARDSON, Governor of the Bank of England, last night strongly defended the need for the present tight monetary policy to fight inflation—even though this might mean a strong pound, and might have some adverse short-term effects on industry.

Throughout 90 minutes of questioning by the all-party Treasury and Civil Service Committee of the Commons, he repeatedly stressed the absolute priority of mastering inflation, before there was any chance of achieving a recovery in output and employment.

Mr. Richardson was several times asked about the impact of present policies—in particular high interest rates and the strong pound—on manufacturing industry. He recognised that the company sector was passing through a "difficult phase," but claimed that "any wavering would only sharpen pressures on the corporate sector, and would erode ecompetiveness."

He also revealed that Bank estimates showed there was sufficient finance available to meet the expected needs of industry. But he declined to give information about the forecast size of industry's financial deficit on grounds of "market sensitivity."

Mr. Richardson warned against "too generalised pessimism" about industry, and said a good deal of progress was being made by some companies.

Asked about the level of interest rates, he questioned whether these were high compared with the rate of inflation. He said that what might appear high to a borrower, did not look high to a lender; it took "two to tango." The Governor said the real level of interest rates was higher in the U.S., Canada, Germany, and Japan than in the UK.

Mr. Richardson said the rises in UK interest rates last June, and last November, were entirely for domestic reasons. The level of the exchange rate was the product of domestic monetary policy. A consequent high exchange rate was one of the ways in which a strict monetary policy had an effect upon inflation.

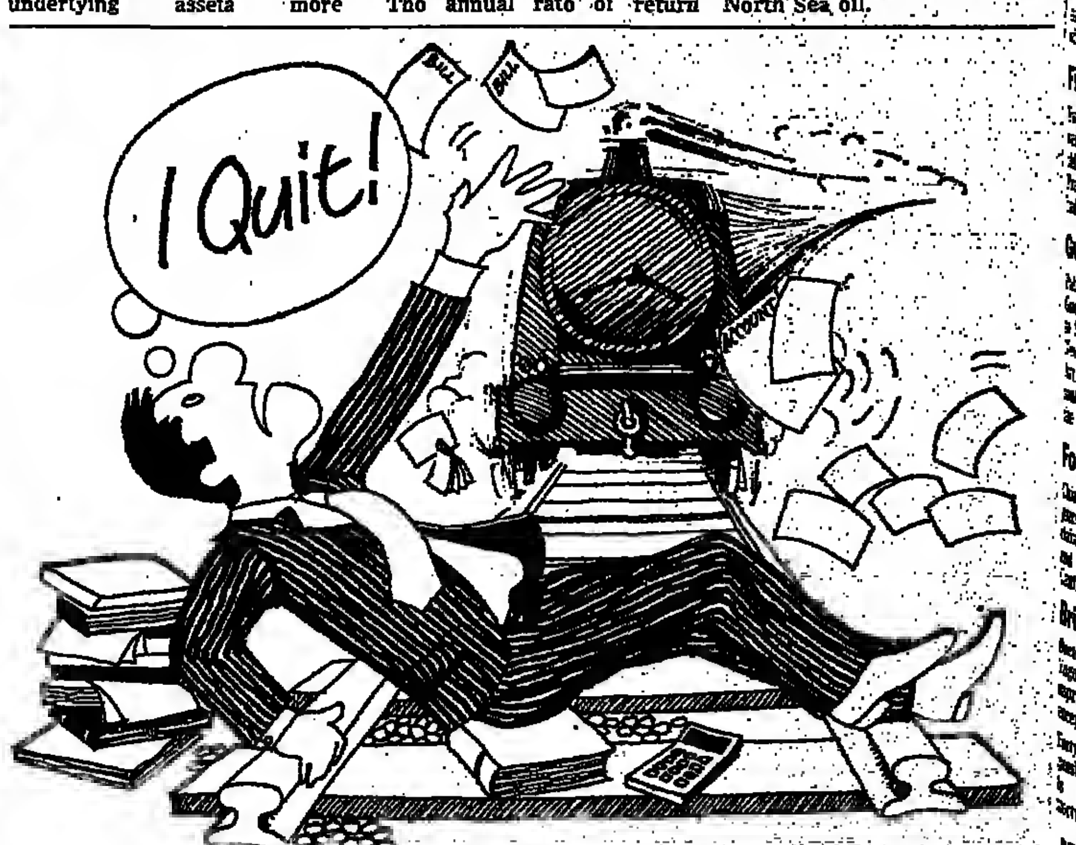
The Governor effectively defended Government policy and easily dealt with MPs' questioning. The session was more restrained, with an atmosphere of studies politeness, than the more vigorous questioning of Sir Geoffrey Howe, the Chancellor, a week ago.

Mr. Richardson was asked several times, notably by sceptical Tory MPs, about the relationship between monetary targets and pay bargaining. He conceded that there were in a stage "where these targets are more influential on domestic and external financial markets than on wage bargainers." But he noted that the tighter monetary policy might perhaps have had some effect on the level of wage settlements in the manufacturing sector compared with the rest of the economy.

The Governor was questioned about recent reports of high wage settlements in the City, and in banking. He said he would be "sad to see a wage explosion in the white collar sector."

Mr. Richardson was pressed about the recent big increases in profits reported by the clearing banks. He said if these profits were adjusted for inflation on a current cost accounting basis they were lower last year than in either 1978 or 1973. Since the main assets of the banks were money, it was necessary to adjust the high nominal profits for the erosion of this capital. The profits on industry and banks tended to run in inverse directions, according to the state of the economic cycle.

Industrial assets, Page 6



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